STIC Scientific and Technical Information Center	Dialog®

Core FT1:

Business & Industry , File 9 (1994 - present)

ABI/INFORM®, File 15 (1971 - present)

Gale Group PROMT®, File 16 (1990 - present)

Gale Group PROMT®, File 160 (1972-1989)

Gale Group Trade & Industry Database , File 148 (1976 - present)

Gale Group Computer Database , File 275 (full-text 1/1988 - present)

Business Wire, File 610 (Mar 1999 - present)

Business Wire, File 810 (1986 - February 1999)

Core FT2:

Dialog Global Reporter, File 20 (May 1997 - present)

The McGraw-Hill Companies Publications Online, File 624 (1985 - present)

Gale Group New Product Announcements/Plus® (NPA/Plus, File 621 (1985 - present)

Gale Group Newsletter Database , File 636 (1988 - present)

PR Newswire, File 613 (May 1999 - present)

San Jose Mercury News, File 634 (Jun 1985 - present)

PR Newswire, File 813 (May 1987 - May 1999)

Sub35FT:

McClatchy-Tribune Information Service, File 608 (Jan 1989 - present)

American Banker Financial Publications, File 625 (1981 - June 2008)

Banking Information Source, File 268 full-text (1994 - present)

Bond Buyer Full Text, File 626 (November 1981 - April 2008)

DIALOG Finance & Banking Newsletters, File 267 (1996 - present)

Set#	Query
L1	SEGREGATED WITH ACCOUNT
L2	sub adj2 account$3
L3	segrgat$2 with account$3

L4	segregat$2 with account$3
L5	owner ownership
L6	COMPAN$3
L7	organization$2
L8	enterprise enterprize
L9	nonvoting with stock
L10	((investment with discretion) with (gains proceeds profit$1)) with share$1
L11	l9 same l6 same l6 same l4
L12	((investment with discretion) SAME (gains proceeds profit$1)) SAME share$1

69/9/1 (Item 1 from file: 20)
63145664
Tisbury Fund Limited - Circular to Shraeholders

AFX CNF
March 27, 2008
Journal Code: WCNF **Language:** English **Record Type:** FULLTEXT
Word Count: 3247

RNS Number:9387Q Tisbury Fund Limited 27 March 2008 This document is important and requires your immediate attention. If you are in any doubt about the course of action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor.

TISBURY FUND LIMITED (a company incorporated in the Cayman Islands having its registered office at Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands) (the "Company") Circular relating to written consent of the holders of Euro Shares in the Company Date: 26th March 2008 Capitalised terms used in this written consent and not defined shall have the meanings ascribed to them in the prospectus of the Company dated November 2007 (the "Prospectus").

This written consent may be executed in counterparts each of which shall be deemed to be an original.

If you have sold or transferred your **Shares** in the Company, please pass this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for the transmission to the purchaser or transferee as soon as possible.

Introduction and Purpose of Consent The Company has always been managed with a small number of illiquid investments with the expectation that Shareholders would **share** equally in the benefits of such illiquid investments. The proposed changes as set out below relate to redemption requests for 1 April 2008 only (and not to any redemption requests after this date) and are proposed in order to ensure that such illiquid investments are managed in an optimal fashion in order to treat all investors (both redeeming and non-redeeming) in an equal and fair manner with respect to such illiquid investments.

Pursuant to the Prospectus, redemption **proceeds** will

normally be paid within 15 Business Days of the relevant Redemption Day. Shareholders have 15 Business Days from the date of this circular to respond to this written resolution in the manner set out under "Grant of Consent" below.

An updated Prospectus reflecting the proposed changes will be available for inspection from the date of this circular until the date which is 15 Business Days from the date of this circular from the offices of Davy, 49 Dawson Street, Dublin 2, Ireland.

The Directors believe that these changes are in the best interest of the Shareholders as a whole and advise that you vote in favour of the consent.

Consent For the purposes solely of redemption requests for 1 April 2008 (the "April Redemption Date", and Shareholders wishing to redeem all or part of their **Shares** on the April Redemption Date being "Redeeming Shareholders") and notwithstanding anything to the contrary in the Prospectus, the undersigned, being holders of Euro **Shares** in the Company representing not less than three-fourths of the issued Euro **Shares** in the Company, do hereby consent to the variation of the rights attached to the Euro **Shares** in the Company as follows: THAT: (i) in respect of those securities of the Master Fund relating to illiquid investments identified as such by the UK Investment Manager identified and thereafter notified to Redeeming Shareholders, in lieu of paying the redemption **proceeds** relating to Redeeming Shareholders' indirect pro rata **share** of all such illiquid securities, a new class of **shares** in the Company (" Euro B **Shares**") may be created and issued to Redeeming Shareholders (or directly to permitted transferees as set out below) corresponding to and tracking such pro rata **share** of such securities and existing hedging positions related thereto; and additionally (ii) payment of an amount of the redemption **proceeds** of Redeeming Shareholders that the UK Investment Manager reasonably requires to continue to manage risk in respect of Redeeming Shareholders' pro rata share of such illiquid investments referred to in (i) above may be deferred (the "Deferred Cash Proceeds"), (Euro B Shares issued and Deferred Cash Proceeds together constituting " Aggregate Deferred Proceeds") provided that the Aggregate Deferred Proceeds do not exceed 15% of the aggregate amounts to be redeemed on the April Redemption Date (including Aggregate Deferred Proceeds) by the Redeeming Shareholders. If Euro B Shares are created, they shall be issued to each Redeeming Shareholder pro rata to the amount of the proportion of the Euro Shares to be redeemed by him on the April Redemption Date as relates to the Euro Shares to be redeemed by all Redeeming Shareholders on the April Redemption Date. Such Euro B Shares will not be transferable or redeemable (other than (i) in respect of transfers, with the consent of the Directors (such consent not to be unreasonably withheld) if a Shareholder reasonably requires to carry out such transfer as a result of applicable law to which it is subject or an investment objective, policy or remit to which it is subject, in either case which prohibits the ownership by such Shareholder of Euro B Shares or (ii) in respect of transfers or redemptions, by the Company as described below) and may be held solely by Redeeming Shareholders and permitted transferees as set out above. Euro B Shares shall not be listed on the Irish Stock Exchange. All Euro Shares for which a redemption request has been submitted for the April Redemption Date by Redeeming Shareholders shall be redeemed and cancelled on the April Redemption Date in accordance with the Prospectus subject to the proposed changes set out in this circular, and any Euro B Shares created shall be simultaneously issued to Redeeming Shareholders.

THAT in the event of further subscriptions to the Company and to any other feeder fund to the Master Fund, a proportion of such further subscription amounts shall (subject in respect of subscriptions to any other feeder fund to the Master Fund to the Master Fund distributing the relevant amounts to the Company for payment to Shareholders) first be used

pro rata to (i) redeem and cancel issued Euro B Shares at their Redemption Price, such proportion equalling the amount, on the April Redemption Date, of the Euro B Shares as a proportion of the aggregate amounts redeemed on the April Redemption Date (including Aggregate Deferred Proceeds) by the Redeeming Shareholders; and (ii) pay any unpaid Deferred Cash Proceeds (and to make any similar payments regarding any equivalent interest in, or deferred cash payment relating to, any other feeder fund to the Master Fund), such proportion equalling the amount, on the April Redemption Date, of the Deferred Cash Proceeds as a proportion of the aggregate amounts redeemed on the April Redemption Date (including Aggregate Deferred Proceeds), provided that a lesser proportion may be used at the discretion of the UK Investment Manager if such amounts of the Deferred Cash Proceeds not paid as a result of the lesser proportion used are reasonably required by the UK Investment Manager to continue to manage risk in respect of illiquid investments to which issued and outstanding Euro B Shares relate.

THAT on the sale of all or some of the securities of the Master Fund relating to illiquid investments in respect of which Euro B Shares have been issued (subject to the Master Fund distributing the relevant sale proceeds to the Company for payment to Shareholders), (i) the relevant proportion of Euro B Shares shall be redeemed and cancelled and (ii) the same proportion of the Deferred Cash Proceeds shall be paid, provided that a lesser proportion of the Deferred Cash Proceeds may be paid at the discretion of the UK Investment Manager if such amounts not paid are reasonably required by the UK Investment Manager to continue to manage risk in respect of illiquid investments to which issued and outstanding Euro B Shares relate. The proceeds of such Euro B Shares redeemed and cancelled and the Deferred Cash Proceeds to be distributed shall be paid out within 20 Business Days of the end of the month during which the sale completed, save that if the sale completed within the last 10 days of the month, the payment out shall be made within 20 days of the last day of the month following the month in which the sale completed. On the sale of the last securities of the Master Fund relating to the last unsold illiquid investment in respect of which Euro B Shares have been issued, all outstanding Deferred Cash Proceeds shall be paid and distributed as set out above.

THAT in deciding when to sell the securities of the Master Fund relating to illiquid investments in respect of which Euro B Shares have been issued, the Manager shall take into consideration on the one hand the need to preserve market value of such investments and on the other hand the expedience of distributing Aggregate Deferred Proceeds, and shall use best endeavours to strike the right balance between these considerations.

THAT Management Fees but no Performances Fee shall be payable in respect of the Euro B Shares.

THAT costs and expenses will be charged pro rata to the Euro B Shares according to the terms of the Prospectus.

THAT the redemption provisions set out in the Prospectus shall otherwise continue to apply and remain in force.

THAT the Prospectus may be amended accordingly.

Grant of Consent Consent shall be granted by signing and returning this written consent by post, fax or email to either of the following: Tisbury Capital Management LLP c/o Citco Fund Services (Dublin) Limited Investor Relations Tellengana House Blackrock Road Cork Ireland Fax: +353 1 6360459 E-mail dubIRorders@citco.com Or Tisbury Capital Management LLP Attn: Clare Flynn Levy Director of Business Development Queensberry House 3 Old Burlington Street London W1S 3LD United Kingdom fax +44 (0)20 7268 8649 email clare.flynnlevy@tisburycapital.com Dated: ___________________________ Signed: ___________________________ Authorised Signatory for and behalf of the following registered shareholders: ___________________________ ___________________________ This document is important and requires your immediate attention. If you are in any doubt about the course of action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor.

TISBURY FUND LIMITED (a company incorporated in the Cayman Islands having its registered office at Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands) (the "Company") Circular relating to written consent of the holders of US$ Shares in the Company Date: 26th March 2008 Capitalised terms used in this written consent and not defined shall have the meanings ascribed to them in the prospectus of the Company dated November 2007 (the "Prospectus").

This written consent may be executed in counterparts each of which shall be deemed to be an original.

If you have sold or transferred your Shares in the Company, please pass this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for the transmission to the purchaser or transferee as soon as possible.

Introduction and Purpose of Consent The Company has always been managed with a small number of illiquid investments with the expectation that Shareholders would share equally in the benefits of such illiquid investments. The proposed changes as set out below relate to redemption requests for 1 April 2008 only (and not to any redemption requests after this date) and are proposed in order to ensure that such illiquid investments are managed in an optimal fashion in order to treat all investors (both redeeming and non-redeeming) in an equal and fair manner with respect to such illiquid investments.

Pursuant to the Prospectus, redemption proceeds will normally be paid within 15 Business Days of the relevant Redemption Day. Shareholders have 15 Business Days from the date of this circular to respond to this written resolution in the manner set out under "Grant of Consent" below.

An updated Prospectus reflecting the proposed changes will be available for inspection from the date of this circular until the date which is 15 Business Days from the date of this circular from the offices of Davy, 49 Dawson Street, Dublin 2, Ireland.

The Directors believe that these changes are in the best interest of the Shareholders as a whole and advise that you vote in favour of the consent.

Consent For the purposes solely of redemption requests for 1 April 2008 (the "April Redemption Date", and Shareholders wishing to redeem all or part of their Shares on the April Redemption Date being "Redeeming Shareholders") and notwithstanding anything to the contrary in the Prospectus, the undersigned, being holders of US$ Shares in the Company representing not less than three-fourths of the issued US$ Shares in the Company, do hereby consent to the variation of the rights attached to the US$ Shares in the Company as follows: THAT: (iii) in respect of those securities of the Master Fund relating to illiquid investments identified as such by the UK Investment Manager and thereafter notified to Redeeming Shareholders, in lieu of paying the redemption proceeds relating to Redeeming Shareholders' indirect pro rata share of all such illiquid securities, a new class of shares in the Company ("US$ B Shares") may be created and issued to Redeeming Shareholders (or directly to permitted transferees as set out below) corresponding to and tracking such pro rata share of such securities and existing hedging positions related thereto; and additionally (iv) payment of an amount of the redemption proceeds of Redeeming Shareholders that the UK Investment Manager reasonably requires to continue to manage risk in respect of Redeeming Shareholders' pro rata share of such illiquid investments referred to in (i) above may be deferred (the "Deferred Cash Proceeds"), (US$ B Shares issued and Deferred Cash Proceeds together constituting "Aggregate Deferred Proceeds") provided that the Aggregate Deferred Proceeds do not exceed 15% of the aggregate amounts to be redeemed on the April Redemption Date (including Aggregate Deferred Proceeds) by the Redeeming Shareholders. If US$ B Shares are created, they shall be issued to each Redeeming Shareholder pro rata to the amount of the proportion of the US$ Shares to be redeemed by him on the April Redemption Date as relates to the US$ Shares to be

redeemed by all Redeeming Shareholders on the April Redemption Date. Such US$ B Shares will not be transferable or redeemable (other than (i) in respect of transfers, with the consent of the Directors (such consent not to be unreasonably withheld) if a Shareholder reasonably requires to carry out such transfer as a result of applicable law to which it is subject or an investment objective, policy or remit to which it is subject, in either case which prohibits the ownership by such Shareholder of Euro B Shares or (ii) in respect of transfers or redemptions, by the Company as described below) and may be held solely by Redeeming Shareholders and permitted transferees as set out above. US$ B Shares shall not be listed on the Irish Stock Exchange. All US$ Shares for which a redemption request has been submitted for the April Redemption Date by Redeeming Shareholders shall be redeemed and cancelled on the April Redemption Date in accordance with the Prospectus subject to the proposed changes set out in this circular, and any US$ B Shares created shall be simultaneously issued to Redeeming Shareholders.

THAT in the event of further subscriptions to the Company and to any other feeder fund to the Master Fund, a proportion of such further subscription amounts shall (subject in respect of subscriptions to any other feeder fund to the Master Fund to the Master Fund distributing the relevant amounts to the Company for payment to Shareholders) first be used pro rata to (i) redeem and cancel issued US$ B Shares at their Redemption Price, such proportion equalling the amount, on the April Redemption Date, of the US$ B Shares as a proportion of the aggregate amounts redeemed on the April Redemption Date (including Aggregate Deferred Proceeds) by the Redeeming Shareholders; and (ii) pay any unpaid Deferred Cash Proceeds (and to make any similar payments regarding any equivalent interest in, or deferred cash payment relating to, any other feeder fund to the Master Fund), such proportion equalling the amount, on the April Redemption Date, of the Deferred Cash Proceeds as a proportion of the aggregate amounts redeemed on the April Redemption Date (including Aggregate Deferred Proceeds), provided that a lesser proportion may be used at the discretion of the UK Investment Manager if such amounts of the Deferred Cash Proceeds not paid as a result of the lesser proportion used are reasonably required by the UK Investment Manager to continue to manage risk in respect of illiquid investments to which issued and outstanding US$ B Shares relate.

THAT on the sale of all or some of the securities of the Master Fund relating to illiquid investments in respect of which US$ B Shares have been issued (subject to the Master Fund distributing the relevant sale proceeds to the Company for payment to Shareholders), (i) the relevant proportion of US$ B Shares shall be redeemed and cancelled and (ii) the same proportion of the Deferred Cash Proceeds shall be paid, provided that a lesser proportion of the Deferred Cash Proceeds may be paid at the discretion of the UK Investment Manager if such amounts not paid are reasonably required by the UK Investment Manager to continue to manage risk in respect of illiquid investments to which issued and outstanding US$ B Shares relate. The proceeds of such US$ B Shares redeemed and cancelled and the Deferred Cash Proceeds to be distributed shall be paid out within 20 Business Days of the end of the month during which the sale completed, save that if the sale completed within the last 10 days of the month, the payment out shall be made within 20 days of the last day of the month following the month in which the sale completed. On the sale of the last securities of the Master Fund relating to the last unsold illiquid investment in respect of which US$ B Shares have been issued, all outstanding Deferred Cash Proceeds shall be paid and distributed as set out above.

THAT in deciding when to sell the securities of the Master Fund relating to illiquid investments in respect of which US$ B Shares have been issued, the Manager shall take into consideration on the one hand the need to preserve market value of such investments and on the other hand the expedience of distributing Aggregate Deferred Proceeds, and shall use best endeavours to strike the right balance between these considerations.

THAT Management Fees but no Performances Fee shall be payable in respect of the US$ B Shares.

THAT costs and expenses will be charged pro rata to the US$ B Shares according to the terms of the Prospectus.

THAT the redemption provisions set out in the Prospectus shall otherwise continue to apply and remain in force.

THAT the Prospectus may be amended accordingly.

Grant of Consent Consent shall be granted by signing and returning this written consent by post, fax or email to either of the following: Tisbury Capital Management LLP c/o Citco Fund Services (Dublin) Limited Investor Relations Tellengana House Blackrock Road Cork Ireland Fax: +353 1 6360459 E-mail dubIRorders@citco.com Or Tisbury Capital Management LLP Attn: Clare Flynn Levy Director of Business Development Queensberry House 3 Old Burlington Street London W1S 3LD United Kingdom fax +44 (0)20 7268 8649 email clare.flynnlevy@tisburycapital.com Dated: ___________________________ Signed: ___________________________ Authorised Signatory for and behalf of the following registered shareholders: ___________________________ ___________________________ This announcement has been issued through the Companies Announcement Service of The Irish Stock Exchange.

This information is provided by RNS The company news service from the London Stock Exchange

Descriptors: Company News
Country Names/Codes: Cayman Islands (KY)
Regions: Americas; Caribbean
SIC Codes/Descriptions: 6211 (Security Brokers & Dealers); 6000 (Depository Institutions)
Naics Codes/Descriptions: 52 (Finance & Insurance); 52312 (Securities Brokerage); 5231 (Security & Commodity Contracts Intermediation & Brokerage); 523 (Security Commodity Contracts & Like Activity)

69/9/2 (Item 2 from file: 20)
63004532
KI Speciality Fin Fd - Circular to Shareholders

AFX CNF
March 20, 2008
Journal Code: WCNF **Language:** English **Record Type:** FULLTEXT
Word Count: 2983

RNS Number:6104Q KI Speciality Financial Fund Ltd 20 March 2008 THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should seek advice from your stockbroker, bank manager, solicitor, professional accountant or other independent financial adviser.

If you have sold or transferred all of your Shares in KI Speciality Financial Fund Limited, please forward this document together with the accompanying form of proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.

KI SPECIALITY FINANCIAL FUND LIMITED (an exempted company incorporated with limited liability under the laws of the Cayman Islands) Proposals relating to the voluntary winding-up of the Company A notice convening an Extraordinary General Meeting of KI Speciality Financial Fund Limited to be held on at 10.00 a.m. on 8 April 2008 is set out on page 6 of this Circular. Whether or not you propose to attend the Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to HSBC Securities Services (Ireland) Ltd, HSBC House, Harcourt Centre, Harcourt St, Dublin 2 (Attn: Daneve Harris) (Fax: 00 353 1 433 7555) as soon as possible and in any event no later than the time appointed for holding the Meeting. If forms appointing proxies are not so returned, they may be handed to the Chairman at the Meeting.

20 March 2008 CONTENTS Page EXPECTED TIMETABLEtoc /f C /e 1-2 Latest time and date for lodging forms of proxy for the Extraordinary General 10.00 a.m. on 8 April 2008 Meeting Extraordinary General Meeting 10.00 a.m. on 8 April 2008 Expected cash distribution Week commencing 14 April 2008 DEFINITIONS In this Circular, the following words and expressions shall bear the following meanings, except where the context otherwise requires:- "Articles" the Articles of Association of the Company "Calculation Date" the close of business on the day on which the Company is placed in liquidation "Company" or "Fund" KI Speciality Financial Fund Limited "Custodian" Credit Suisse First Boston (Europe) Limited "Directors" or "Board" the Board of Directors of the Company including a duly authorised committee of the Board "Investment Manager" KI Asset Management LLP "Liquidators" Giles Kerley and Sarah Kennedy, both of Maples Finance Limited, acting jointly as liquidators of the Company "Meeting" the Extraordinary General Meeting of the Company to be held on 8 April 2008 "Notice" the notice of the Meeting of the Company set out on page 6 of this Circular "Proposals" the proposals, which are conditional on the passing of the Special Resolutions to wind-up the Company as more fully described in this Circular "Registrar" Maples and Calder "**Share**" an ordinary **share** of par value Euro0.01 and an ordinary **share** of par value #0.01 in the capital of the Company "Shareholder" a person who is registered as the holder of **Shares** in the Company from time to time "Special Resolutions" the Special Resolutions set out in the Notice, such resolutions to be passed by not less than three fourths of the Shareholders as, being entitled to do so, vote in person or by proxy at the Meeting LETTER FROM THE CHAIRMAN KI SPECIALITY FINANCIAL FUND LIMITED Directors: Registered Office: Richard Goodbody c/o Maples Corporate Cara Moran Services Limited Andrew Watkins PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands 20 March 2008 To all Shareholders I Introduction The purpose of this Circular is to give you information on proposed Special Resolutions to approve the voluntary winding-up of the Company.

This Circular explains the background to the Proposals which the Board believes are in the best interests of Shareholders.

II Background to, and Reasons for, the Voluntary Winding-up of the Company The Company is an open-ended investment company incorporated in the Cayman Islands.

Recently, Shareholders (the "Redeeming Shareholders") holding over 80 per cent. of the total issued **share** capital of the Company have expressed a desire to the Directors to realise their **investment**. Whilst the Directors have the **discretion** to defer redemption requests over a period of time so that redemptions amounting to no more than 10 per cent. of the total **Shares** in issue are redeemed in any one month, the Directors do not believe that it is appropriate to

exercise such deferral powers in this case in light of the Redeeming Shareholder's significant shareholding in the Company. The Directors consider that the fund size following the departure of the Redeeming Shareholders would not permit the Fund to operate in a way which is commercially viable in accordance with its stated investment objective.

III Details of the Proposals If the Special Resolutions are passed on 8 April 2008, the Company will be wound up. Shareholders will receive cash in the liquidation of the Company.

It is proposed that Giles Kerley and Sarah Kennedy, both of Maples Finance Limited, act as joint Liquidators in the winding-up. The Liquidators will provide for a retention which they consider sufficient to pay any liquidation costs that may be due and payable. To the extent that any part of this retention is not required to meet such liabilities, the balance will be distributed in cash to Shareholders by the Liquidators at a later date.

IV Costs of the Winding-up The costs of the Proposals, estimated as US$100,000, will be deducted from the Company's net asset value as at the Calculation Date together with the Liquidators' retention. It is therefore intended that an amount in cash equal to approximately 98 per cent. of the net asset value of the Company will be available for distribution to Shareholders in the week commencing 14 April 2008.

Shareholders should also be aware that the services of the Investment Manager, Custodian and Registrar and Valuation Agent will be required to assist the Liquidators in the liquidation process. This is normal practice and will be necessary. The Investment Manager will assist in the implementation of the winding-up and otherwise as directed by the Liquidators. The Custodian will continue to manage the Company's cash assets and the Administrator will assist in the distribution of surplus cash assets to Shareholders.

V Procedure to be followed in a Voluntary Winding-up of the Company Notices In the event that the Special Resolutions are duly passed, the voluntary winding-up of the Company will commence in accordance with the Companies Law (2007 Revision) of the Cayman Islands and the Liquidators will arrange for details of its appointment and the passing of the Special Resolutions to be published in the Cayman Islands Gazette. The Liquidators will also file a notice of the passing of the Special Resolutions with the Registrar of Companies in the Cayman Islands.

The Liquidators will then arrange for a notice to be published notifying all possible creditors of the Company of the voluntary winding-up and inviting any creditors of the Company to submit claims by a specified date, being at least one month prior to the date of the final general meeting of Shareholders to be convened by the Liquidators. The creditors' notice will be published in the Cayman Islands Gazette. In addition, a similar creditors' notice will be sent to the last known address of all creditors of the Company appearing in the Company's accounting records.

De-Registration as a Mutual Fund The Company is currently registered with the Cayman Islands Monetary Authority ("CIMA") as a regulated mutual fund pursuant to section 4(3) of the Mutual Funds Law (2007 Revision) of the Cayman Islands. As part of the liquidation process the Liquidators will be required to de-register the Company with CIMA. The process involves the filing of an affidavit in a prescribed form, certified copies of relevant board resolutions and a copy of the Liquidators' report.

Final Report The Liquidators will prepare a final report of the Company to be presented at a final general meeting of Shareholders and will liaise with the Custodian and Registrar to obtain all relevant financial information relating to the Company to prepare the final report. The Liquidators must recover any assets due to the Company and settle a list of the current Shareholders. The Liquidators must also settle any claims against the Company and ensure that all obligations due under any agreements made by the Company have been fulfilled. The final report of the Company must show the manner in which the winding-up has been

conducted and how the surplus assets of the Company, if any, are to be, or have been, distributed.

Final General Meeting The Liquidators will then arrange for publication of a notice of the final general meeting of the Company to be published in the Cayman Islands Gazette at least one month prior to the date of the meeting and give at least one month's notice of the date of the meeting to the Shareholders of the Company. At the final general meeting of Shareholders, those Shareholders entitled to attend and vote at general meetings must pass an ordinary resolution to approve the final report and the proposed distribution by the Liquidators of the net surplus assets of the Company, if any. The Liquidators must ensure that the costs of the liquidation and other liabilities of the Company are paid in full and the remaining net assets of the Company after payment of such liabilities will be distributed to Shareholders in accordance with their entitlement to such assets under the Articles.

Dissolution of the Company Once the final general meeting of Shareholders has been held the Liquidators must file a return with the Registrar of Companies in the Cayman Islands certifying that the final general meeting has been held and request a certificate of dissolution. The Company is automatically dissolved 3 months after the return confirming that the final general meeting has been held is filed with the Registrar of Companies in the Cayman Islands. Upon receipt of the certificate of dissolution from the Registrar of Companies in the Cayman Islands, the Liquidators will send copies to the relevant parties connected to the Company.

VI Action to be Taken Shareholders holding **Shares** in registered form Shareholders holding their **Shares** in registered form will find enclosed a form of proxy for use at the Meeting and in order to vote at the Meeting, the proxy form should be completed in accordance with the instructions set out on the form and returned as soon as possible, and in any event no later than the time appointed for the Meeting, to HSBC Securities Services (Ireland) Ltd, HSBC House, Harcourt Centre, Harcourt St, Dublin 2 (Attn: Daneve Harris) (Fax: 00 353 1 433 7555). Completion and return of the form of proxy will not prevent you from attending and voting at the Meeting if you so wish.

(b) Shareholders holding **Shares** through Clearstream Shareholders holding their **Shares** through Clearstream can only exercise the votes attributable to their **Shares** by transmitting voting instructions to Clearstream, as appropriate. These instructions must be given by the actual participant in whose Clearstream account the relevant **Shares** are held. On receipt of these instructions Clearstream's registered holder, as appropriate, will complete the necessary forms in accordance with the voting instructions received from the participant.

(C) Payment of Liquidation **Proceeds** Shareholders shall receive liquidation **proceeds** in cash.

VII Irish Stock Exchange If the Special Resolutions are passed on 8 April 2008, an application will be made for the **Shares** to be removed from the Official List and from trading on the Main Market of the Irish Stock Exchange.

VIII Directors' Recommendation The Directors consider that the proposals to wind-up the Company are in the best interests of the Company as a whole and recommend that you vote in favour of the Special Resolutions set out in the Notice.

Yours faithfully, By Order of the Board Andrew Watkins Chairman NOTICE OF EXTRAORDINARY GENERAL MEETING KI SPECIALITY FINANCIAL FUND LIMITED NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at the offices of HSBC Securities Services (Ireland) Ltd, HSBC House, Harcourt Centre, Harcourt St, Dublin 2, on 8 April 2008 at 10.00 a.m. to consider and, if thought fit, to pass the following Special Resolutions: THAT: 1 a voluntary winding-up and dissolution of the Company be commenced with immediate effect; and 2 Giles

Kerley and Sarah Kennedy, both of Maples Finance Limited of PO Box 1093, Boundary Hall, Grand Cayman, KY1-1102, Cayman Islands shall, without any further action, be appointed as joint Liquidators of the Company with immediate effect and that either of them shall have full power to act alone in the winding-up and have all the powers of a liquidator contained in the Cayman Islands Companies Law (2007 Revision) to wind-up and dissolve the Company including, but without limitation, the power to complete the distribution to Shareholders of the remaining assets of the Company forthwith upon commencement of the winding-up.

Registered Office: By Order of the Board Secretary HSBC Securities Services c/o Maples Corporate Services Limited (Ireland) Ltd PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands Dated 20 March 2008 Notes: (i) A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him; a proxy need not also be a member of the Company. In the case of joint holders, if more than one of such joint holders is present, only the person whose name stands first in the Register of Members in respect of the relevant joint holding will be entitled to vote, whether in person or by proxy.

(ii) A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude a member from attending and voting at the Meeting if he so wishes. In the event that a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.

(iii) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, should be deposited at HSBC Securities Services (Ireland) Ltd, HSBC House, Harcourt Centre, Harcourt St, Dublin 2 (Attn: Daneve Harris) (Fax: 00 353 1 433 7555) on behalf of the Company's **share** registrar, no
later than the time appointed for holding the meeting. If forms appointing proxies are not so despatched, they may be handed to the Chairman at the meeting.

KI SPECIALITY FINANCIAL FUND LIMITED (the "Company") FORM OF PROXY To be used for the Extraordinary General Meeting of the Company to be held at the offices of HSBC Securities Services (Ireland) Ltd, HSBC House, Harcourt Centre, Harcourt St, Dublin 2 on 8 April 2008 at 10.00 a.m.

I/We
....
.... (1) being a member(s) of the Company, hereby appoint the Chairman of the Meeting (2) or
.... as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held on 8 April 2008 and at any adjournment thereof.

I/We direct my/our proxy to vote in respect of the Special Resolutions to be proposed at such Extraordinary General Meeting in the following manner (3):- FOR AGAINST 1. To place the Company into liquidation FOR AGAINST 2. To appoint and confer appropriate powers on the Liquidators Dated this day of 2008 Signature
_________________________________ NOTES: 1. Full name(s) and address(es) to be inserted in BLOCK CAPITALS. The name of all joint holders should be stated.

2. If you wish to appoint a person other than the Chairman of the Meeting as your proxy please delete the words "the Chairman of the Meeting" and print the name and address of the person you wish to appoint in the space provided.

3. Please indicate with an "X" in the appropriate space beside the Resolutions how you wish your proxy to vote on your behalf. Except as otherwise instructed, your proxy will exercise his discretion as to how he votes or whether he abstains from voting.

4. This form of proxy must be signed by the member or his attorney duly authorised in writing, or if the appointer is a corporation the form of proxy must be executed under the hand of an officer of the corporation

duly authorised on their behalf.

5. A member entitled to attend and vote is entitled to appoint one or more parties to attend and to vote instead of him. A proxy need not also be a member. In the case of joint holders, if more than one such joint holder is present, only the person whose name stands first in the Register of Members in respect of the relevant joint holding will be entitled to vote, whether in person or by proxy.

6. This form of proxy should be completed and lodged with HSBC Securities Services (Ireland) Ltd, HSBC House, Harcourt Centre, Harcourt St, Dublin 2 (Attn: Daneve Harris) (Fax: 00 353 1 433 7555) by 10.00 a.m. on 8 April 2008 together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority.

This announcement has been issued through the Companies Announcement Service of the Irish Stock Exchange.

This information is provided by RNS The company news service from the London Stock Exchange

Descriptors: Company News
SIC Codes/Descriptions: 6211 (Security Brokers & Dealers); 6282 (Investment Advice); 6000 (Depository Institutions)
Naics Codes/Descriptions: 52 (Finance & Insurance); 52393 (Investment Advice); 5239 (Other Financial Investment Activities); 52312 (Securities Brokerage); 5231 (Security & Commodity Contracts Intermediation & Brokerage); 523 (Security Commodity Contracts & Like Activity)

69/9/3 (Item 3 from file: 20)
62955295
Ameritrans Announces Results of Special Meeting of Shareholders

BUSINESS WIRE
March 18, 2008
Journal Code: WBWE **Language:** English **Record Type:** FULLTEXT
Word Count: 790

Ameritrans Capital Corporation Gary C. Granoff, 800-214-1047

Ameritrans Capital Corporation (NASDAQ: AMTC, AMTCP) today hosted a special meeting of shareholders. All five proposals at the meeting were approved by the requisite vote of shareholders. As detailed below, all proposals were approved by shareholders. Michael Feinsod, President of Ameritrans commented, "We look forward to moving ahead with the new business areas described in the notice to shareholders for this meeting. We are excited at the prospects of our prospective relationship with Velocity Capital Advisors, LLC and believe our strong balance sheet combined with the Company's unique corporate structure, positions the Company to take advantage of the current corporate lending environment."

Investment Advisory and Management Agreement with Velocity Capital Advisors, LLC

The shareholders approved the Investment Advisory and Management Agreement with Velocity Capital Advisors, LLC. The Advisory Agreement will become effective once approved by the U.S. Small Business Administration

(SBA) and upon the satisfaction of certain other conditions described in the Advisory Agreement.

Amendment and Restatement of Certain Investment Policies of Ameritrans and its wholly owned subsidiary Elk Associates Funding Corp.

The shareholders approved the amendment and restatement of certain fundamental investment policies of Ameritrans and Elk. The amended and restated fundamental investment policies for each of Ameritrans and Elk are now identical. The revisions to such fundamental policies are expected to facilitate the management of the Company's assets and to simplify the process of monitoring compliance with the Company's other non-fundamental investment policies. In addition, the amendments of such fundamental policies are intended to provide the Company with more flexibility to respond to changing markets and new investment opportunities. In addition, these amendments of the Company's fundamental policies will provide the Board of Directors with broader **discretion** to determine making **investment** decisions permitted by the 1940 Act and other applicable law.

Increase in Authorized **Shares** of Preferred Stock

The shareholders approved the amendment to the Company's Articles of Incorporation to increase the number of **shares** of our authorized preferred stock from one million (1,000,000) **shares** to ten million (10,000,000) **shares**. The amendment to the Certificate of Incorporation was filed with the Delaware Secretary of State on Tuesday, March 18, 2008 and became effective immediately upon filing.

Approval of Private Offering of Common Stock

The shareholders of the Company also approved a private offering of one or a combination of the following securities of the Company's (i) common stock, $.0001 par value (the "Common Stock"), (ii) warrants exercisable into **shares** of Common Stock and/or (iii) **shares** of preferred stock, with such rights and preferences as determined by the Company's Board of Directors, subject to applicable law and regulation. The Company proposes to raise aggregate gross **proceeds** between a minimum of $5,000,000 and up to a maximum of $50,000,000.

Preferred Stock Dividend Declaration

Additionally, the Board of Directors has declared a dividend of $0.28125 per **share** on its 9 3/8% Cumulative Participating Redeemable Preferred Stock for the period January 1, 2008 through March 31, 2008. The dividend is payable on or about April 15, 2008 to shareholders of record as of March 31, 2008.

Designation of Chief Compliance Officer

Lastly, Silvia Mullens has been designated Chief Compliance Officer effective immediately. Ms. Mullens is presently employed by the Company as Senior Vice President, pursuant to an amended and restated employment agreement dated September 28, 2006. Ms. Mullens new title will be Senior Vice President and Chief Compliance Officer of the Company. The CCO position is an at-will position for which Ms. Mullens will be compensated at an additional per annum rate. Ms. Mullens has been a Vice President of Ameritrans since its inception, a Vice President of Elk since 1996, and the Loan Administrator of Elk since February 1994. Ms. Mullens received a B.A. from Fordham University and an M.B.A. from The Leonard Stern School of Business Administration of New York University.

Ameritrans Capital Corporation is an internally managed, closed-end investment company that has elected to be regulated as a business development company (BDC) under the Investment Company Act of 1940, as amended. Ameritrans originates, structures and manages a portfolio of medallion loans, secured business loans and selected equity securities. Ameritrans' wholly owned subsidiary Elk Associates Funding Corporation was licensed by the United States Small Business Administration as a Small Business Investment Company (SBIC) in 1980. The Company maintains its offices at 747 Third Avenue, 4th Floor, New York, NY 10017.

This announcement contains forward-looking statements within the

meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. Ameritrans Capital Corporation cautions investors not to place undue reliance on forward-looking statements, which speak only as to management's expectations on this date.

Company Names: Ameritrans Capital Corp
Descriptors: Company News; Meetings
SIC Codes/Descriptions: 9111 (Executive Offices); 9199 (General Government NEC); 9100 (Executive Legislative & General)
Naics Codes/Descriptions: 92111 (Executive Offices); 9211 (General Government Administration); 92 (Public Admin)

69/9/4 (Item 4 from file: 20)
62859418
Fenner PLC - Placing, acquisition & update

AFX CNF
March 14, 2008
Journal Code: WCNF **Language:** English **Record Type:** FULLTEXT
Word Count: 8687

RNS Number:0941Q Fenner PLC 14 March 2008 14 March 2008 THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA OR JAPAN OR ANY JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION IS UNLAWFUL Fenner PLC ("Fenner" or "the Company") Placing of 15,657,910 new ordinary shares, acquisitions and trading update Introduction Fenner PLC ("Fenner" or the "Company"), the global engineer specialising in reinforced polymer technology, today announces it is placing up to 15,657,910 new ordinary shares of 25 pence each in the capital of the Company (the "Placing Shares") to institutional investors (the "Placing") representing in aggregate approximately 9.9 per cent. of the issued share capital of Fenner. The Company also updates on acquisitions and on trading up to 29th February 2008, prior to the announcement of its interim results on Wednesday, 30th April 2008.

The Placing is being conducted by Hoare Govett Limited ("Hoare Govett") by way of an accelerated bookbuild (the "Bookbuilding"). The books will open with immediate effect and pricing and allocations are expected to be announced today, 14th March 2008 shortly after the books have closed.

Background to and reasons for the Placing Fenner has pursued a strategy for several years of growing the Advanced Engineered Products ("AEP") Division by providing customer solutions using a range of advanced materials and related technologies to create value. This has led to organic growth and the targeting of complementary bolt-on acquisitions.

In the Conveyor Belting ("CB") division, market **share** has been grown through a targeted acquisition programme to enable Fenner to expand its global reach. From this base, the Group has continued its

organic expansion through investment in new wider-belt capability around the world complemented by an increasing range of conveyor services. This in turn has led to the acquisition of a number of service providers and offers a platform from which to exploit the growing energy and commodity markets.

Since the start of the financial year, Fenner has continued its capital investment programme to benefit from these markets with increased product capability across the world.

Organic investment has been complemented by a programme of bolt-on acquisitions in the AEP division and the addition of service businesses to enhance the offering to our conveyor belting customers.

So far the integration of these businesses across the Group has been encouraging.

The two small acquisitions, B-LOC and Spliceline, announced earlier this year, have already been integrated fully into the AEP and CB divisions respectively.

In early February, the acquisition of Prodesco Inc, Pennsylvania, USA, was completed. This highly specialised technical textile structures business builds upon the existing core weaving strengths. Additionally, the established position in the medical devices market brings new opportunities in an attractive sector. In the short duration since joining the Fenner Group, the indications for this business are encouraging.

Last week, Fenner made two acquisitions. It acquired substantially all of the operating assets and liabilities of Winfield Industries Inc, New York, USA. This leading supplier of performance-critical rollers for digital imaging applications brings opportunities through common routes to market and operational efficiencies.

Fenner announces today that it has also acquired the entire issued **share** capital of Northern Belting Specialists Pty Ltd from Amalia Austin and Colin Kranz for approximately AUS$5million. Northern Belting, which is based in Whyalla, Australia, is a service business specialising in belt splicing, rubber lining works, mechanical and technical servicing and belting sales.

Our previously announced major organic capital investment programmes have progressed satisfactorily. The integration of our seals business in Houston onto a single site has been completed ahead of schedule with the synergies enhancing **profits** earlier than previously envisaged.
Our other significant expansion plans in the CB division remain on schedule and are expected to improve next year's results.

Today the Company announces that it plans a major investment of AUS$70 million to build a new "greenfield" manufacturing plant for steel cord conveyor belts at Kwinana, south of Perth. This facility will be the first new conveyor belt plant built in Australia in over 60 years. Construction on a 4.6 ha site will begin in April 2008, with production expected to commence in the second quarter 2009.

Fenner intends to maintain the momentum of its acquisition and development programme. On the acquisition front, there are a small number of companies with which Fenner is in advanced stages of negotiation. These are mostly small or medium sized businesses which would be acquired wholly or substantially acquired for cash.

As a result of the investment and acquisition programme, net borrowings at the end of February were approximately #110m. This also reflects the normal seasonality of cash flow, an increase as a result of foreign currency translation and an improvement as a result of tighter working capital.

The purpose of the Placing is to finance Fenner's acquisition and development programme referred to whilst maintaining interest cover and debt at levels considered appropriate for the expansion of the Group.

The Placing The Placing **Shares** will be issued credited as fully paid and will rank pari passu in all respects with the existing ordinary **shares** of Fenner, including the right to receive all dividends and other distributions declared, made or paid after the date of

issue.

Application will be made to the UK Listing Authority and to London Stock Exchange plc for the new ordinary **shares**, to be admitted to the Official List maintained by the UK Listing Authority, and to be admitted to trading by London Stock Exchange plc on its market for listed securities. It is expected that such admissions will become effective by 8 a.m. on 19 th March 2008.

The full terms and conditions of the Placing are set out in the appendix to this press release.

Current trading update Further to the update in the combined AGM and Interim Management Statement on 9th January, the Group has continued to perform strongly. Customer demand for our products in our core businesses has remained robust with revenues and **profits** ahead of last year.

In the Advanced Engineered Products division satisfactory progress has been achieved. In particular, the Drives and Seals businesses have produced strong results with a steady performance from the Hose operations.

The Conveyor Belting division is performing well as the fundamental characteristics of energy markets have increased the demand for our products and services. We have benefited from a favourable mix of business.

As a consequence, we anticipate reporting results for the half year ended 29th February 2008 at the top end of our expectations and view the future prospects of Fenner with confidence.

Mark Abrahams, Chief Executive said: "Fenner's performance has been good in the first half, our businesses are well placed in strong markets and we are confident about prospects. The fund raising announced today will help us continue the momentum of our acquisition and organic development programme and benefit from the many growth opportunities available to us across our markets." Enquiries: Fenner PLC Mark Abrahams, Chief Executive 01482 626501 Richard Perry, Finance Director Weber Shandwick Financial 020 7067 0700 Nick Oborne Stephanie Badjonat Hannah Marwood Hoare Govett 020 7678 8000 Tim Rowntree John MacGowan James Baker This announcement has been issued by Fenner and is the sole responsibility of Fenner. Neither Hoare Govett nor any of its affiliates and agents shall have any liability for any information contained in this announcement. This announcement is for information purposes only and does not constitute an offer to sell or an invitation to subscribe for or a solicitation of an offer to buy or subscribe for any securities in any jurisdiction including in which such an offer or solicitation is unlawful and is not for distribution in or into, without limitation, the United Kingdom, the United Sates, Canada, Australia or Japan (the "Excluded Territories"),or to US persons (within the meaning of Regulations of the United States Securities Act 1933 (as amended) (the "Securities Act")).

The Placing **Shares** have not been and will not be registered under the Securities Act or under the applicable securities laws of any state in the United States or any Excluded Territory and, unless an exemption under such act or laws is available may not be offered for sale or subscription or sold or subscribed directly or indirectly within the Excluded Territories or for the account or benefit of any national, resident or citizen of the Excluded Territories. No public offering of securities will be made in the United States. The distribution of this announcement in other jurisdictions may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Hoare Govett, which is authorised and regulated by the Financial Services Authority, is acting exclusively for Fenner and for no one else in connection with the Bookbuilding and the Placing and will not be responsible to anyone other than Fenner for providing the protections

afforded to clients of Hoare Govett nor for providing advice in relation to the Placing or the Bookbuilding or any other matters referred to in this announcement.

The contents of this announcement are not to be construed as legal, financial or tax advice. If necessary, each recipient of this announcement should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

This announcement contains certain statements that are or may be "forward- looking statements". These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. All the statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Fenner's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Fenner's products and services) are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and therefore undue reliance should not be placed on such forward-looking statements. There are a number of factors that could cause the actual results, performance or achievements of Fenner or those markets and economies to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Fenner's present and future business strategies and the environment in which Fenner will operate in the future and such assumptions may or may not prove to be correct. Forward-looking statements speak only as at the date they are made. Neither Fenner nor Hoare Govett nor any other person undertakes any obligation (other than, in the case of Fenner, pursuant to the Listing Rules and the Disclosure and Transparency Rules of the UK Listing Authority) to update publicly any of the information contained in this announcement, including any forward-looking statements, in the light of new information, change in circumstances or future events.

APPENDIX: TERMS AND CONDITIONS OF THE PLACING NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE (1) QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF FSMA, BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2.1(e)(i), (ii) OR (iii) OF DIRECTIVE 2003/71/EC (THE "PROSPECTUS DIRECTIVE") AND (2) IN THE UNITED KINGDOM FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED OR ARE PERSONS WHO FALL WITHIN ARTICLE 49(2)(a) TO (d) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN (AND THE ANNOUNCEMENT OF WHICH IT FORMS PART) MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. PERSONS DISTRIBUTING THIS APPENDIX (AND THE ANNOUNCEMENT OF WHICH IT FORMS PART) MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN FENNER PLC.

THE PLACING **SHARES** HAVE NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND ABSENT REGISTRATION MAY NOT BE OFFERED OR SOLD IN THE UNITED

STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR AS A PART OF A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING **SHARES**.

This announcement and any offer if made subsequently is only addressed to and directed at persons in member states of the European Economic Area ("EEA") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors").

By participating in the Bookbuilding and the Placing, Placees will be deemed to have read and understood this Appendix in its entirety, to be participating, making an offer and acquiring Placing **Shares** on the terms and conditions contained herein and to be providing the representations, warranties, acknowledgements and undertakings contained herein.

In particular each such Placee represents, warrants and acknowledges that it: 1. is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing **Shares** that are allocated to it for the purposes of its business; 2. in the case of a Relevant Person in a member state of the EEA which has implemented the Prospectus Directive (each a "Relevant Member State") who acquires any Placing **Shares** pursuant to the Placing: (i) it is a Qualified Investor; and (ii) in the case of any Placing **Shares** acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (a) the Placing **Shares** acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of Hoare Govett has been given to the offer or resale; or (b) where Placing **Shares** have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing **Shares** to it is not treated under the Prospectus Directive as having been made to such persons; and 3. is acquiring the Placing **Shares** for its own account or is acquiring the Placing **Shares** for an account with respect to which it exercises sole **investment discretion**, and that it (and any such account) is outside the United States, or it is a dealer or other professional fiduciary in the United States acting on a discretionary basis for non-US beneficial owners (other than an estate or trust), in reliance on Regulation S of the Securities Act ("Regulation S").

This announcement (including this Appendix) does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Placing **Shares** in any jurisdiction including, without limitation, the United Kingdom, the United States, Canada, Australia or Japan. This announcement and the information contained herein are not for publication or distribution, directly or indirectly, to persons in the United States, Canada, Australia, Japan or in any jurisdiction in which such publication or distribution is unlawful.

The Placing **Shares** referred to in this announcement have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Placing **Shares** are being offered and sold outside the United States in accordance with Regulation S. The Company has not and does not intend to offer any securities to the public in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information

contained in this announcement, will not be accepted.

The distribution of this announcement and the Placing and/or issue of the Placing **Shares** in certain jurisdictions may be restricted by law. No action has been taken by the Company or Hoare Govett or any of their respective subsidiaries, branches, associates, holding companies (and subsidiaries of any such holding companies), officers, directors, supervisory board members, employees, representatives, controlling persons, shareholders or agents (together "Affiliates"), that would permit an offer of the Placing **Shares** or possession or distribution of this announcement or any other offering or publicity material relating to such Placing **Shares** in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company and Hoare Govett to inform themselves about and to observe any such restrictions.

In this Appendix, unless the context otherwise requires, the "Company" means Fenner plc and "Placee" includes a person (including individuals, funds or others) on whose behalf a commitment to acquire Placing **Shares** has been given.

No prospectus No prospectus or other offering document has been or will be submitted to be approved by the Financial Services Authority (the "FSA") in relation to the Placing and the Placees' commitments will be made solely on the basis of the information contained in this announcement, the Pricing Announcement (as this term is defined in paragraph 2 of the Principal Terms of the Bookbuilding and Placing below) and any information publicly announced to a Regulatory Information Service by or on behalf of the Company on or prior to the date of this announcement (the "Publicly Available Information"). Each Placee, by participating in the Placing, agrees that it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of Hoare Govett or the Company other than the Publicly Available Information and neither Hoare Govett, the Company nor any person acting on such person's behalf nor any of their Affiliates has or shall have any liability for any Placee' s decision to accept this invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Details of the Placing Agreement and the Placing **Shares**
Hoare Govett has entered into a placing agreement (the "Placing Agreement") with the Company under which Hoare Govett has undertaken, on the terms and subject to the conditions set out in the Placing Agreement, to arrange and underwrite the Placing.

The Placing **Shares** will, when issued, be credited as fully paid and will rank pari passu in all respects with the existing issued ordinary **shares** of 25 pence per share in the capital of the Company (the "Ordinary Shares"), including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

Application for admission to listing and trading Application will be made to the FSA for admission of the Placing Shares to the official list maintained by the FSA (the "Official List") and to London Stock Exchange plc for admission to trading of the Placing Shares on London Stock Exchange plc's main market for listed securities (together "Admission"). It is expected that Admission will take place on or before 19th March 2008 and that dealings in the Placing Shares on London Stock Exchange plc's main market for listed securities will commence at the same time.

Bookbuilding Hoare Govett will today commence the Bookbuilding to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees

or by Placees in respect of any Placing Shares.

Hoare Govett and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuilding as they may, in their sole discretion, determine.

Principal terms of the Bookbuilding and Placing 1. Hoare Govett (whether through itself or any of its Affiliates) is arranging the Placing as an agent of the Company. Participation in the Placing will only be available to persons who may lawfully be, and are, invited by Hoare Govett to participate. Hoare Govett and its Affiliates are entitled to participate as principal in the Placing.

2. The Bookbuilding will establish a single price (the "Placing Price") payable to Hoare Govett by all Placees. The Placing Price and the aggregate proceeds to be raised through the Placing will be agreed between Hoare Govett and the Company following completion of the Bookbuilding and any discount to the market price of the ordinary shares of the Company admitted to the Official List and to trading on London Stock Exchange plc's main market for listed securities will be determined in accordance with the Listing Rules of the UK Listing Authority. The Placing Price will be announced (the "Pricing Announcement") on a Regulatory Information Service following completion of the Bookbuilding.

3. To bid in the Bookbuilding, Placees should communicate their bid by telephone to their usual sales contact at Hoare Govett. Each bid should state the number of shares in the Company which a prospective Placee wishes to acquire at either the Placing Price which is ultimately established by the Company and Hoare Govett or at prices up to a price limit specified in its bid. Bids may be scaled down by Hoare Govett on the basis referred to in paragraph 6 below. Hoare Govett is arranging the Placing as agent of the Company.

4. The Bookbuilding is expected to close no later than 3.00 p.m. (GMT) on 14th March 2008 but may be closed earlier or later at the discretion of Hoare Govett. Hoare Govett may, in agreement with the Company, accept bids that are received after the Bookbuilding has closed. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing, in its discretion.

5. Allocations will be confirmed orally by Hoare Govett as soon as practicable following the close of the Bookbuilding. Hoare Govett's oral confirmation of an allocation will give rise to a legally binding commitment by the Placee concerned, in favour of Hoare Govett and the Company, under which it agrees to acquire the number of Placing Shares allocated to it on the terms and subject to the conditions set out in this Appendix and the Company's Memorandum and Articles of Association.

6. Subject to paragraph 4 above, Hoare Govett may choose to accept bids, either in whole or in part, on the basis of allocations determined at its discretion (in agreement with the Company) and may scale down any bids for this purpose on such basis as it may determine. Hoare Govett may also, notwithstanding paragraphs 4 and 5 above, subject to the prior consent of the Company (a) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time and (b) allocate Placing Shares after the Bookbuilding has closed to any person submitting a bid after that time.

7. A bid in the Bookbuilding will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and, except with Hoare Govett's consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Hoare Govett, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire.

8. Except as required by law or regulation, no press release or other announcement will be made by Hoare Govett or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.

9. Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".

10. All obligations under the Bookbuilding and Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".

11. By participating in the Bookbuilding each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

12. To the fullest extent permissible by law, neither Hoare Govett nor any of its Affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Hoare Govett nor any of its Affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of Hoare Govett's conduct of the Bookbuilding or of such alternative method of effecting the Placing as Hoare Govett and the Company may agree.

Registration and Settlement If Placees are allocated any Placing Shares in the Placing they will be sent a contract note or electronic confirmation which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to Hoare Govett. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which they have in place with Hoare Govett.

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system. Settlement through CREST will be on a T+3 basis unless otherwise notified by Hoare Govett and is expected to occur on or before 19th March 2008. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and Hoare Govett may agree that the Placing Shares should be issued in certificated form. Hoare Govett reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as it deems necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing LIBOR.

If Placees do not comply with their obligations Hoare Govett may sell their Placing Shares on their behalf and retain from the proceeds, for its own account and benefit, an amount equal to the Placing Price of each share sold plus any interest due. Placees will, however, remain liable for any shortfall below the Placing Price and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional contract note is copied and delivered immediately to the relevant person within that organisation.

Conditions of the Placing The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of Hoare Govett under the Placing Agreement are, and the Placing is, conditional on (inter alia): (a) Admission taking place by

not later than 8.00 a.m. on 19th March 2008; (b) the Company having complied with all its obligations under the Placing Agreement (to the extent such obligations fall to be performed prior to Admission) in all respects which are material in the context of the Placing; (c) each of the warranties given by the Company under the Placing Agreement (the "Warranties") and any statement made in any of the Marketing Documents (being certain marketing documents including this announcement and the presentation in the agreed form used by the Company for the purposes of marketing the Placing) not being untrue, inaccurate or misleading prior to Admission in any respect which is material in the context of the Placing when made, nor becoming untrue, inaccurate or misleading in any respect which is material in the context of the Placing by reference to the facts and circumstances existing at the time; (d) in the good faith opinion of Hoare Govett there not having occurred prior to Admission a material adverse change (whether or not foreseeable at the date of the Placing Agreement) in, or any development reasonably likely to involve a prospective material adverse change in or affecting, the condition (financial, operational, legal or otherwise) or the earnings or business affairs or business prospects of the Group, whether or not arising in the ordinary course of business; (e) the Company delivering to Hoare Govett on the day prior to the expected date of Admission a certificate confirming certain matters (including that none of the Warranties was untrue, inaccurate or misleading at the date of the Placing Agreement or has at any time since that date become untrue, inaccurate or misleading by reference to the facts and circumstances existing since that date); and (e) the Company allotting the Placing Shares, prior to and conditional only on Admission, in accordance with the terms of the Placing Agreement.

If the conditions in the Placing Agreement are not satisfied or waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and Hoare Govett may agree), or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof. By participating in the Bookbuilding, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

Hoare Govett may, in its absolute discretion and on such terms as it thinks appropriate, waive fulfilment, in whole or in part, of any or all of the conditions to the Placing Agreement (to the extent permitted by law or regulations) by giving notice in writing to the Company. Any such extension or waiver will not affect Placees' commitments as set out in this Appendix.

None of Hoare Govett or any of its Affiliates or the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing generally.

Termination of the Placing Hoare Govett has the right, in its absolute discretion, to terminate the Placing Agreement prior to Admission in certain circumstances, including (inter alia) if: (a) any of the Warranties or any statement made in any of the Marketing Documents being untrue, inaccurate or misleading in any respect which is material in the context of the Placing when made or becoming untrue, inaccurate or misleading in any respect which is material in the context of the Placing by reference to the facts and circumstances existing from time to time or any matter arises which might reasonably be expected to give rise to a claim under the indemnity contained in the Placing Agreement; or (b) the

Company not having complied with all of its obligations under the Placing Agreement (to the extent such obligations fall to be performed prior to Admission) in any respect which is material in the context of the Placing; or (c) in the good faith opinion of Hoare Govett, any material adverse change, whether or not foreseeable at the date of the Placing Agreement, in, or any development reasonably likely to involve a prospective material adverse change in or affecting, the condition (financial, operational, legal or otherwise) or the earnings or business affairs or business prospects of the Group, whether or not arising in the ordinary course of business having occurred; or (d) any of the following: (i) any material adverse change in the financial markets in the United States, the United Kingdom, any member of the European Union or the international financial markets, any outbreak of hostilities or escalation of hostilities or other calamity or crisis, any change or development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates, in each case the effect of which is such as to make it, in the good faith judgment of Hoare Govett, impracticable or inadvisable to market the Placing Shares and to proceed with the Placing in the manner contemplated in the Marketing Documents or to enforce contracts for sale of the Placing Shares or which may materially and adversely affect the success of the Placing or dealings in the Placing Shares following Admission; or (ii) any suspension or limitation in the trading in any securities of the Company being imposed by the London Stock Exchange on any exchange or over-the-counter market, or if trading generally on the New York Stock Exchange, the NASDAQ National Market or the London Stock Exchange has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of such exchanges or by such system or by order of any governmental authority, or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or in Europe; or (iii) the declaration of a banking moratorium by US or UK authorities; or (iv) a material adverse change or a prospective material adverse change occurring since the date of the Placing Agreement in UK taxation affecting the Ordinary Shares or the transfer of the Ordinary Shares (otherwise than as set out in the Marketing Documents) or the imposition of exchange controls by the United States or the United Kingdom.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this announcement (including this Appendix) shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and Hoare Govett that the exercise by the Company or Hoare Govett of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or Hoare Govett (as the case may be) and that neither the Company nor Hoare Govett need make any reference to such Placee and that neither the Company, Hoare Govett nor any of their respective Affiliates shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and will not be capable of rescission or termination by it after oral confirmation by Hoare Govett following the close of the Bookbuilding.

Representations and further terms By submitting a bid in the Bookbuilding, each prospective Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges, undertakes and agrees (for itself and for any such prospective Placee) that: 1. it has read this announcement (including this Appendix) in its entirety and that its purchase of the Placing Shares is subject to and based upon all the terms,

conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein; 2. it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document has been or will be prepared in connection with the Placing; 3. (i) it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information; (ii) none of Hoare Govett, its Affiliates or the Company has made any representation to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information; and (iii) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; 4. the content of this announcement is exclusively the responsibility of the Company and that neither Hoare Govett nor any person acting on its behalf is responsible for or has or shall have any liability for any information or representation relating to the Company contained in this announcement or the Publicly Available Information nor will be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this announcement, the Publicly Available Information or otherwise. Nothing in this Appendix shall exclude any liability of any person for fraudulent misrepresentation; 5. it is not, and at the time the Placing Shares are acquired will not be, a resident of Australia, Canada or Japan, and each of it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be outside the United States and acquiring the Placing Shares in an 'offshore transaction' in accordance with Rule 903 or Rule 904 of Regulation S; 6. the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared in respect of any of the Placing Shares under the securities laws of the United States, Australia, Canada or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada or Japan; 7. it and/or each person on whose behalf it is participating: (i) is entitled to acquire Placing Shares pursuant to the Placing under the laws of all relevant jurisdictions; (ii) has fully observed such laws; (iii) has capacity and authority and is entitled to enter into and perform its obligations as an acquirer of Placing Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto; 8. the Placing Shares have not and will not be registered under the Securities Act, or under the securities laws of any state of the United States, and are being offered and sold on behalf of the Company in offshore transactions (as defined in Regulation S) in accordance with an exemption from, or transaction not subject to, the registration requirements under the Securities Act; 9. it will not reoffer, sell, pledge or otherwise transfer the Placing Shares except (i) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; (ii) pursuant to an exemption from, or a transaction not subject to, registration under the Securities Act (if available); or (iii) pursuant to an effective registration statement under the Securities Act and that, in each such case, such offer, sale, pledge or transfer will be made in accordance with any applicable securities laws of any state of the United States; 10. if it is a pension fund or investment company, its acquisition of Placing Shares is in full compliance with applicable laws and regulations; 11. no representation has been made as to the availability of any other exemption under the Securities Act for the

reoffer, resale, pledge or transfer of the Placing Shares; 12. participation in the Placing is on the basis that it is not and will not be a client of Hoare Govett and that Hoare Govett has no duties or responsibilities to a Placee for providing protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement; 13. it will make payment to Hoare Govett in accordance with the terms and conditions of this announcement on the due times and dates set out in this announcement, failing which the relevant Placing Shares may be placed with others on such terms as Hoare Govett determines; 14. the person who it specifies for registration as holder of the Placing Shares will be (i) the Placee or (ii) a nominee of the Placee, as the case may be. Hoare Govett and the Company will not be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. It agrees to acquire Placing Shares pursuant to the Placing on the basis that the Placing Shares will be allotted to a CREST stock account of Hoare Govett who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it; 15. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability; 16. it and any person acting on its behalf falls within Article 19(5) and/or 49 (2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only; 17. it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) FSMA; 18. it is a qualified investor as defined in section 86(7) of FSMA, being a person falling within Article 2.1(e)(i), (ii) or (iii) of the Prospectus Directive; 19. it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; 20. it has complied and it will comply with all applicable provisions of the FSMA with respect to anything done by it or on its behalf in relation to the Placing Shares in, from or otherwise involving the United Kingdom; 21. it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (which means Directive 2003/71/EC and includes any relevant implementing measure in any member state); 22. it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations (2003) (the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of

the third party as required by the Regulations; 23. the Company, Hoare Govett and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements; 24. if it is a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares purchased by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or, in the circumstances in which the prior written consent of Hoare Govett has been given to the offer or resale; 25. the Placing Shares will be issued subject to the terms and conditions of this Appendix; and 26. this Appendix and all documents into which this Appendix is incorporated by reference or otherwise validly forms a part will be governed by and construed in accordance with English law. All agreements to acquire shares pursuant to the Bookbuilding and/or the Placing will be governed by English law and the English courts shall have exclusive jurisdiction in relation thereto except that proceedings may be taken by Hoare Govett in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company and Hoare Govett harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing.

Please also note that the agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, directly by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Hoare Govett would be responsible. If this is the case, it would be sensible for Placees to take their own advice and they should notify Hoare Govett accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to Hoare Govett for itself and on behalf of the Company and are irrevocable.

Hoare Govett is acting exclusively for the Company and no one else in connection with the Bookbuilding and the Placing, and Hoare Govett will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Bookbuilding or the Placing or any other matters referred to in this announcement.

Each Placee and any person acting on behalf of the Placee acknowledges that Hoare Govett owes no fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Hoare Govett may (at its absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a

Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with Hoare Govett, any money held in an account with Hoare Govett on behalf of such Placee and/or any person acting on behalf of such Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FSA which therefore will not require Hoare Govett to segregate such money, as that money will be held by it under a banking relationship and not as trustee.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. Each Placee and each person acting on behalf of the Placee acknowledges that neither Hoare Govett, nor any of its Affiliates, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any warranties, representations, undertakings or indemnities contained in the Placing Agreement nor the exercise or performance of Hoare Govett's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination rights.

All times and dates in this announcement may be subject to amendment. Hoare Govett will notify Placees and any persons acting on behalf of the Placees of any changes.

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BlackRock Re-Opens International Opportunities Fund to New Investors

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With Expanded Mandate, Fund Now Seeks to Invest in Best Foreign Companies Regardless of Size

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BlackRock, Inc. (NYSE:BLK) announced that it has re-opened its International Opportunities Fund to new investors, with an expanded mandate that positions the fund to tap an even broader range of attractive equity investments beyond U.S. borders.

The International Opportunities Fund (BREAX) was initially launched in September 1997, with the strategy of investing in equity securities of international (non-U.S.) companies with market capitalization up to approximately $15 billion. The fund was closed to new investors in January 2006.

With its re-opening this month, the Fund now seeks to invest in international companies of any capitalization, allowing for investment in what management believes are the best foreign companies, regardless of size, in attractive industry groups. This change was recommended by the investment team in an effort to provide shareholders consistently strong risk-adjusted returns in all market environments. Effective March 3, the fund changed its benchmark from the S&P/Citigroup Extended Market Index (EMI) Global Ex-U.S. to the S&P/Citigroup Broad Market Index (BMI) Global Ex-U.S., to more accurately reflect the expanded universe of securities in which the fund invests.

The International Opportunities Fund employs a collaborative management approach, with a 12- member team, led by portfolio managers Thomas Callan since 1999 and Michael Carey since 2002. The team is responsible for managing a suite of equity mutual funds that also includes the BlackRock Global Opportunities Fund, BlackRock U.S. Opportunities Fund, and several sector specific offerings.

"Geopolitical changes such as the opening of the Chinese and Indian markets and the expansion of the European Union, new trade and investment treaties, and technological advances such as the broadband communications revolution are spurring the development of a vibrant and fast moving global investment environment," stated Mr. Callan, Managing Director.

The portfolio managers and sector specialists on the team focus on fundamental analysis of companies in some 100 sub-industry groups from a global perspective to identify those that the team believes are relatively attractive.

"Our approach recognizes that, with advancing globalization, a company's performance and prospects going forward are far more closely linked to its global industry group, than to its geographic location," said Mr. Carey, Managing Director.

Although the global investment opportunity is increasingly appreciated by investors, many investors are still underexposed to non-U.S. companies. As of December 31, 2007, international/global equity funds comprised just 15 percent of total U.S. mutual fund assets, according to data generated by Strategic Insight and Morningstar.

"Today, the potential benefits of investment outside the U.S. are more compelling than ever," Mr. Carey added. "Our fund is well positioned to serve as a core holding for investors seeking to realize those benefits. Our expanded mandate will give us even more flexibility to pursue the world's most attractive opportunities, while greatly strengthening our ability to deliver consistent returns through all market environments." Keep in mind that international investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are often heightened for investments in emerging/developing markets or smaller capital markets.

This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of (DATE), 2008, and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by BlackRock to be reliable, are not necessarily all inclusive and are not

guaranteed as to accuracy. Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole **discretion** of the reader. **Investment** involves risks.

You should consider the **investment** objectives, risks, charges and expenses of the fund carefully before investing. The fund's prospectus contains this and other information about the fund and is available, along with information on other BlackRock funds, by calling 800-882-0052 or by contacting your Financial Professional. The prospectus should be read carefully before investing.

About BlackRock

BlackRock is one of the world's largest publicly traded investment management firms with USD $1.357 trillion in assets under management as of December 31, 2007. The firm manages assets on behalf of institutions and individuals worldwide through a variety of equity, fixed income, cash management and alternative investment products. In addition, a growing number of institutional investors use BlackRock Solutions(R) investment system, risk management and financial advisory services. Headquartered in New York City, the firm has approximately 5,100 employees in 19 countries and a major presence in key global markets, including the U.S., Europe, Asia, Australia and the Middle East. For additional information, please visit the company's website at www.blackrock.com. -0- *T APPENDIX: Average Annual Total Returns Morningstar (% Investor A **Shares**) as of Rating 12.31.07 As of 1.31.08 --- 1-Year 3-Year 5-Year 10-Year
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BlackRock @ NAV 18.13% 26.96% 30.30% 21.14% 4 Stars International With MSC 11.93% 24.70% 28.91% 20.51% Overall Opportunities Rating out Fund of 85 Foreign Small/Mid Growth Funds
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Lipper Percentile/ 5th 6th 6th 14th Category: Ranking 3 of 61 3 of 52 3 of 44 3 of 22 Int'l Small/Mid As of Cap Core 1.31.08
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Source: Morningstar, Lipper, BlackRock. *T

The performance data quoted represents past performance. Past performance does not guarantee or indicate future results. The investment return and principal value of an investment will fluctuate so that an investor's **shares**, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Refer to www.blackrock.com/funds to obtain performance data current to the most recent month-end. Performance numbers "with MSC" include the maximum sales charge on Investor A class **shares** (5.25%). Total annual operating expenses for investor A **shares** of the Fund are 1.60%. All returns assume reinvestment of all dividends and capital **gains** distributions. Available in multiple **share** classes with different sales charges, ongoing account maintenance and distribution fees and other features.

The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3, 5 and 10-year Morningstar Rating metrics. Lipper rankings are based on total return and do not take sales charges into consideration.

Morningstar: The ratings reflect historical risk-adjusted performance, are determined monthly and are subject to change. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating(TM) based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each **share** class is counted as a fraction of one fund within this scale and rated separately, which may

cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics, as of 1/31/08. BlackRock International Opportunities Fund was rated against the following numbers of U.S.-domiciled Foreign Small/Mid Growth funds over the following time periods: 85 funds in the last three years, 74 funds in the last five years and 30 funds in the last ten years. With respect to these Foreign Small/Mid Growth funds, BlackRock International Opportunities Fund received a Morningstar Rating of 4 Stars, 3 Stars and 5 Stars for the three-, five and ten-year periods, respectively. Morningstar Rating is for the Investor A **share** class only; other classes may have different performance characteristics.

Company Names: BlackRock Inc
Descriptors: Company News; Corporate Finance; Expenditure
Province/State: PWC_Saved_Search

69/9/6 (Item 6 from file: 20)
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Lyxor/Jana Partners - Changes to the Fund

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RNS Number:4109Y Lyxor/Jana Partners Fund Limited 14 June 2007 STOCK EXCHANGE ANNOUNCEMENT - FOR IMMEDIATE RELEASE LYXOR/JANA PARTNERS FUND LIMITED (the "Fund") Re: Changes to the Fund 14th June 2007 ____ The Directors of the Fund wish to announce changes to the Fund, outlined in an Addendum to the Offering Memorandum and Supplemental Memorandum for the Fund dated 14th June 2007 and attached as Appendix I hereto. Enquiries: Dillon Eustace Moira Troy +353 1 667 0022 This announcement has been issued through the Companies Announcement Service of The Irish Stock Exchange. Addendum dated June 14th, 2007 to the Offering Memorandum and Supplemental Memorandum for the Lyxor/Jana Partners Fund Limited (the "Fund") This addendum along with the Offering Memorandum and Supplemental Memorandum for the Fund dated June 26, 2003, constitutes a prospectus prepared in accordance with the Collective Investment Funds (Unclassified Funds) (Prospectuses) (Jersey) Order 1995 (as amended). This addendum replaces all previous addenda but shall not replace any supplementary listing particulars issued on or about the listing of any of the Fund's **shares** on the Irish Stock Exchange. Change of Prime Broker ABN AMRO Incorporated was replaced by UBS Securities LLC as Prime Broker to the Fund with effect from December 12th, 2003. The change was effected because ABN AMRO Incorporated entered into an agreement with UBS Securities LLC to sell ABN AMRO Incorporated's prime brokerage business to UBS Securities LLC. Generally, portfolio transactions for the Fund are cleared through UBS Securities LLC, located at 677 Washington Boulevard, Stamford Connecticut 06912, USA, ("UBS

Securities") which also holds assets in custody as required by applicable regulations. Portfolio transactions are executed by brokers and dealers selected on behalf of the Fund on the basis of their ability to effect prompt and efficient executions at competitive rates. The Fund, the Custodian and ABN AMRO Incorporated, entered into a Prime Brokerage Client Account Agreement (the "Prime Brokerage Agreement") dated 18 July 2003, pursuant to which the Fund appointed UBS Securities as prime broker and sub-custodian. The Prime Brokerage Agreement was transferred and assigned from ABN AMRO Incorporated to UBS Securities. Custody of all of the assets of the Fund is with the UBS Securities, which selection may be changed from time to time. Under the Prime Brokerage Agreement, UBS Securities settles and clears all transactions executed by the Fund and provides margin financing, stock brokerage facilities and foreign exchange facilities. Such transactions may be executed through UBS Securities, its affiliates or other brokers. UBS Securities is responsible for the custody and safekeeping of all assets and for all collateral held by it on behalf of the Fund. Such responsibility includes cash, investments and payments received in connection with such transactions. UBS Securities may appoint sub-custodians of the assets of the Fund, including UBS Securities' affiliates. UBS Securities will exercise reasonable skill, care and diligence in the selection of any such sub-custodian(s) and will be responsible to the Fund for the duration of the sub-custody agreement(s) for satisfying itself as to the ongoing suitability of such sub-custodian to provide custodian services to the Fund, will maintain what it considers to be an appropriate level of supervision over such sub-custodian and will make appropriate inquiries periodically to confirm that the obligations of such sub-custodian(s) continue to be competently discharged. UBS Securities will not be liable for any loss resulting from any acts or omissions, or for the insolvency, of any non-affiliated sub-custodian unless UBS Securities was grossly negligent or acted in bad faith in appointing or monitoring the performance of such sub-custodian. Cash will be subject to the protections conferred by the rules of the United States Securities and Exchange Commission (the "SEC"). UBS Securities and its affiliates may advance loans to the Fund. As continuing security for the payment and discharge of all liabilities of the Fund to UBS Securities and its affiliates, investments held as collateral by UBS Securities and its affiliates are pledged as collateral and UBS Securities and its affiliates are authorized to borrow, lend or otherwise use for their own purposes any of the Fund's investments, subject to and to the extent permitted by applicable laws, rules and regulations. Accordingly, such investments will not be segregated from assets belonging to UBS Securities. Other than assets held as collateral by UBS Securities and assets deposited as margin, the Fund's investments are held in segregated customer or omnibus accounts and separately identified as belonging to the Fund, or UBS Securities as nominee of the Fund. UBS Securities shall have no decision-making discretion relating to the Fund's investments. The Prime Brokerage Agreement generally may be terminated by either party at any time. The Fund has indemnified UBS Securities acting as sub-custodian and will indemnify any other sub-custodian and any nominee for, and will hold each of them harmless from, any liability, loss or expense (including reasonable attorney's fees and disbursements) incurred in connection with said custodial agreement, except to the extent that any loss, liability, or expense results from any negligence or wilful misconduct of UBS Securities. UBS Securities is not liable for the acts or omissions of any third parties. UBS Securities will not be liable in connection with the execution, clearing, handling, purchasing or selling of securities, commodities or other property, or other action, except for any gross negligence or wilful misconduct on its part. UBS Securities is paid fees, calculated at normal commercial rates, in connection with providing financing to its customers. A financing and fee schedule is negotiated with each client and is a separate agreement. UBS Securities is an indirect wholly-owned subsidiary of UBS AG organised under the laws of the

State of Delaware. It is a registered broker and dealer under the Securities Exchange Act of 1934 and is a member of the New York Stock Exchange, Inc., the National Association of Securities Dealers, Inc. and other principal exchanges. UBS Securities has a credit rating of AA+ from Standard & Poor's for long-term debt and A-1+ from Standard & Poor's for short-term debt. A copy of the Prime Brokerage Agreement will be available for inspection as set out under section 6.15.5 of the Offering Memorandum. Addition of a Prime Broker With effect from January 21st, 2005, Goldman Sachs and Co ("GSI") has been appointed as an additional Prime Broker to the Fund. Goldman Sachs & Co. ("GSI"), which has its primary offices located at 85 Broad Street, New York, New York 10004, has been appointed as Prime Broker to the Fund pursuant to an Assignment and Assumption Agreement dated January 21st, 2005 between GSI, Lyxor Asset Management as sub-manager of the Fund, the Custodian of the Fund and the Fund which assigns the former agreement between the trustee for the Lyxor Master Fund and GSI (the Assignment and Assumption Agreement and the New Fund Agreement are hereinafter referred to as the "Prime Broker Agreement"). The Fund anticipates that some or all of the assets of the Fund will be held with GSI in one or more accounts (collectively known as the "Prime Broker Account"). The Prime Broker Agreement will continue for an indefinite period but may be terminated at any time by any party. The Fund and the Custodian have agreed to indemnify and hold harmless GSI and its affiliates and their respective partners, representatives, agents and employees from any liability incurred by such persons in connection with acting or declining to act as Prime Broker for the Fund or otherwise relating to the Prime Broker Agreement or resulting from any transactions thereunder and to fully reimburse such persons for any legal expenses which such persons may incur in connection with any claim, action, proceeding or investigation arising out of or in connection with the Prime Broker Agreement or any transactions thereunder unless such liability results from such persons negligence or wilful misconduct. GSI will not be liable to the Fund or the Custodian in connection with acting or declining to act as Prime Broker to the Fund or otherwise relating to the Prime Broker Agreement or resulting from any dis-affirmance of any prime brokerage transaction. GSI provides for (i) the safekeeping of all of the Fund's assets which are held by GSI, (ii) the provision of financing for the Fund's assets in the portions of the Prime Broker Account representing margin or short positions, (iii) collection of dividends and other payments in respect of securities held by GSI in the Prime Broker Account on behalf of the Fund, (iv) the delivery of securities sold by the Fund against payment, and (v) the payment for securities purchased by the Fund, assuming the Fund has sufficient assets to pay for such securities. GSI acting as sub-custodian for the Fund, may appoint other sub-custodians (" Agents"), including affiliated Agents. GSI will not be liable for any loss resulting from any act or omission, or for the solvency, of any non-affiliated Agent. GSI will exercise reasonable skill, care and diligence in the selection of any such Agent and will be responsible to the Fund for the duration of the sub-custody agreement for satisfying itself as to the ongoing suitability of any such Agent. GSI will maintain an appropriate level of supervision over such Agent and make appropriate enquiries periodically to confirm that obligations of such Agents are competently discharged. As the Fund may borrow money from GSI or utilize operational leverage, the Fund will post certain of its assets as collateral securing the obligations or leverage ("Margin Securities"). GSI generally holds the Margin Securities on a commingled basis with Margin Securities of other customers of GSI and may use certain of the Margin Securities to generate cash to fund the Fund's leverage, including pledging such Margin Securities. Some or all of the Margin Securities may be available to creditors of GSI in the event of GSI's insolvency. Substantially all of the Fund's assets maintained with GSI are expected to comprise Margin Securities. That portion of the Fund's Assets that are fully paid and not Margin Securities may be physically commingled with

other customer assets but will be properly identified in the name of the Fund in a separate customer account on GSI's official books and records ("Customer Assets"). Customer Assets are held by GSI with the assets of other customers on a segregated basis from GSI's assets and are not subject to the claims of GSI's creditors. Additionally, in order to ensure that assets of GSI's customers are not used by GSI to fund GSI's proprietary business operations, GSI is required to maintain a special segregated bank account for free cash balances (i.e. cash not subject to the claims of GSI), and must periodically post its own cash (or other qualified securities) in such account in an amount equal to the Margin Securities used to generate cash in excess of any loan to the Fund. In the event of insolvency of GSI, all Customer Assets will be for the exclusive benefit of the Fund and other customers of GSI for whose benefit the accounts have been established, and will be unavailable to the creditors of GSI. GSI has netting and set off rights over all of the assets held by GSI (which may indirectly include amounts held for the benefit of the Fund in the special segregated bank account) to satisfy the Fund's obligations under the Prime Broker Agreement, including obligations relating to any margin or short positions. GSI has no investment decision-making role, nor any duty to monitor the suitability of investments made by the Fund. GSI is a broker-dealer subject to regulation by the U.S. Securities and Exchange Commission, the NASD and the New York Stock Exchange. GSI will receive transaction fees at normal commercial rates. The Offering Memorandum should be read subject to the following changes: The address of the Fund and of the Custodian has changed to the following: SG Hambros House PO Box 197 18 Esplanade St Helier Jersey, JE 4 8RT The address of the Manager and Registrar has changed to the following: SG Hambros House PO Box 78 18 Esplanade St Helier Jersey, JE 4 8PR Important Information Section The reference to "the Borrowing (Control) (Jersey) Law 1947" shall be altered to read "the Control of Borrowing (Jersey) Law 1947". 1 Definitions The definition of "Accounting Date" shall be replaced by the following new definition: "Accounting Date: The last Valuation Day of any Class to occur in May in each year." The definition of "Associate" shall be replaced by the following new definition: "Associate: Any corporation which, in relation to the person concerned (being a corporation), is a Holding Body or a Subsidiary of a Holding Body or a Subsidiary of any such Holding Body or a corporation (or a Subsidiary of a corporation) at least 20 per cent. of the issued **share** capital of which is beneficially owned by the person concerned or an Associate thereof under the preceding part of this definition. Where the person concerned is an individual or firm or other unincorporated body the expression "Associate" shall mean and include any corporation directly or indirectly controlled by such person." The name of the Custodian has been changed from SG Hambros Trust Company (Jersey) Limited to SG Hambros Trust Company (Channel Islands) Limited and any reference to the Custodian in the Offering Memorandum and the Supplemental Memorandum and herein shall be construed to mean SG Hambros Trust Company (Channel Islands) Limited. The definition of "Custodian" shall therefore be replaced by the following new definition: "Custodian: SG Hambros Trust Company (Channel Islands) Limited." The definition of "SFA" shall be replaced by the following new definition (and any reference to "SFA" in the Offering Memorandum and the Supplemental Memorandum and herein shall be construed to mean "FSA"): "FSA: The Financial Services Authority of the United Kingdom, and any successor organization to which it transfers responsibility." The definition of "Holding Company" shall be replaced by the following new definition (and any reference to "Holding Company" in the Offering Memorandum and the Supplemental Memorandum and herein shall be construed to mean "Holding Body"): "Holding Body: Shall have the meaning ascribed to that expression in the Companies (Jersey) Law 1991". The definition of "Sub-Management Agreement" shall be replaced by the following new definition: "Sub-Management Agreement: The sub-management agreement dated on or about the date hereof and made between the Fund, the

Sub-Manager and the Manager." 2.2 Eligible Investors This section is modified to read as follows: "Participating **Shares** may only be offered or sold to the following kinds of investors: Any collective investment scheme offered to the general public, which initially subscribes in the Fund a minimum amount of US$100,000 (or the equivalent amount in any Class Currency) and warrants to the Fund that: It has all governmental and regulatory licenses, registrations, consents or approvals required by any applicable law to offer or sell its own units or **shares** to the public of any relevant country; and Its ordinary business or professional activity includes the buying or selling of investments, whether as principal or agent, and that it (a) has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, (b) is aware of the risks inherent in investing in Participating **Shares** and the method by which the assets of the Fund are held and/or traded, and (c) is aware that it can bear the loss of its entire investment; Or: Any person, or entity, or institution, or investment scheme which is not a collective investment scheme offered to the general public, and which initially subscribes in the Fund a minimum amount of US$100,000 (or the equivalent amount in any Class Currency), and warrants to the Fund that (i) its ordinary business or professional activity includes the buying or selling of investments, whether as principal or agent, or (ii) in the case of a natural person, its individual net worth, or joint net worth with its spouse, exceeds US$1 million (or the equivalent amount in any other currency), or (iii) it is an institution with a minimum amount of assets under discretionary management of US$5 million (or the equivalent amount in any other currency), and that it (a) has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, (b) is aware of the risks inherent in investing in Participating **Shares** and the method by which the assets of the Fund are held and/or traded, and (c) is aware that it can bear the loss of its entire investment; Or: Any company within the Societe Generale Group (including without limitation the Manager and the Sub-Manager), the trustee or sub-manager of the Lyxor Master Fund in their respective capacities as trustee or sub-manager of the Lyxor Master Fund, and any employee within the Societe Generale Group and which company, trustee, sub-manager, or employee initially subscribes in the Fund a minimum amount of US$100,000 (or the equivalent amount in any Class Currency), and warrants to the Fund that (i) its ordinary business or professional activity includes the buying or selling of investments, whether as principal or agent, or (ii) in the case of a natural person, its individual net worth, or joint net worth with its spouse, exceeds US$1 million (or the equivalent amount in any other currency), or (iii) it is an institution with a minimum amount of assets under discretionary management of US$5 million (or the equivalent amount in any other currency), and that it (a) has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, (b) is aware of the risks inherent in investing in Participating **Shares** and the method by which the assets of the Fund are held and/or traded, and (c) is aware that it can bear the loss of its entire investment; Or: (d) Any tracker fund or fund of funds promoted and/or managed by the Sub-Manager investing in other collective investment schemes sub-managed by the Sub-Manager and which seeks to track an index or create a diversified portfolio, where the Fund is one of the constituent funds and warrants to the Fund that: It has all governmental and regulatory licenses, registrations, consents or approvals required by any applicable law to offer or sell its own units or **shares** to the public of any relevant country; and Its ordinary business or professional activity includes the buying or selling of investments, whether as principal or agent, and that it (a) has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund, (b) is aware of the risks inherent in investing in Participating **Shares** and the method by which the assets of the

Fund are held and/or traded, and (c) is aware that it can bear the loss of its entire investment; However, in respect of any given Class, the Supplemental Memorandum may limit the scope of Eligible Investors to (i) some, but not all, of the above categories of Eligible Investors set out in (a), (b), (c) or (d) and/or (ii) one or more investors specifically designated in the Supplemental Memorandum complying with the criteria set out in (a), (b), (c) or (d) above." 3.2 Investment Restrictions and Leverage Section 3.2.1(b) shall be altered to read as follows: "(b) where the counterparty (i) is registered with and is regulated by the CFTC or the FSA; (ii) has financial resources in excess of US$20 million (or the equivalent amount in any other currency); and (iii) only trades on or subject to the rules of a recognized exchange or with counterparties which have a credit rating of "A" for long-term debt from Moody's or Standard & Poor's and a minimum of "P-2"or "A1" respectively for short term debt from those same agencies; or" The following paragraphs shall be added at the end of section 3.2.1: 1- "For so long the Fund is offered to German resident investors pursuant to section 112 of the German Investment Act of 15 December 2003 (Investmentgesetz) (the "Act"), or the Fund is offered to German Funds of Funds according to section 113 of the Act, which offering shall be at the Sub-Manager's sole **discretion**, the Fund will adhere to the following **investment** restrictions which shall apply in addition to all other investment restrictions already applying to the Fund: 2- The Fund will only invest in securities, money market instruments, derivative instruments, bank deposits, **shares** /units in UCITS compliant and non-UCITS compliant investment schemes (with the exception of other single hedge funds (see paragraph 6 below)) and silent participations in enterprises with their domicile and headquarters in Germany (only if the value of such silent participations can be established). 3- The Fund will not invest in commodities with the exception of precious metals. 4- The Fund will only invest in forward contracts for commodities which are traded on an organised market. 5- The Fund will not invest in real estate, rights equivalent to real estate or participations in entities which, in accordance with their partnership agreement or their articles of association or other constitutive document, only invest in real estate and other assets required for managing real estate. The Fund will only acquire equity participations in companies if their value can be established. The Fund will not invest more than 30% of the net asset value of the Fund in equity of companies which are not listed on a stock exchange or included in an organised market. 6- For so long as the Fund will be offered for investment as a "Fund with Additional Risk" (as defined in section 112 of the Act) to German Funds of Funds with Additional Risks (as defined in section 113 of the Act), which offering shall be at the Sub-Manager's sole discretion, the Fund will not invest in German single hedge funds irrespective of their legal structure nor in other non-German single hedge funds. For the purposes of the foregoing: "single hedge fund" shall mean a fund with additional risk as defined in section 112 of the Act; "UCITS" shall mean approved Undertakings for Collective Investment in Transferable Securities, as defined in the Directive 85/611/CEE dated December 20, 1985, as amended and restated from time to time; "silent participations" shall mean silent participations as defined in section 230 of the German Commercial Code in Companies (Handelsgesetzbuch), who have their seat and Head-Office within Germany." 4 Participating **Shares** Section 4.1(ii) shall be altered to read as follows: "4.1 General - Classes of Participating **Shares** (ii) the **proceeds** from the conversion of Nominal **Shares** into Participating **Shares** of any Class, together with an amount equivalent to (or as near as possible equivalent to) the nominal value thereof, shall be applied in the books of the Fund to the Class Fund established for that Class;" 4.3.2 Subscription Price Section 4.3.2 shall be altered to read as follows: "For any given Class, Participating **Shares** of such Class will be offered at a price per Participating **Share** equal to (i) during the Initial Offering

Period for such Class, the Initial Subscription Price and (ii) thereafter, in respect of any Dealing Day for such Class, the Subscription Price. For any given Class, the Initial Offer Price and the Subscription Price shall be computed by the Sub-Manager and will be final, conclusive and binding, in the absence of manifest error. The minimum initial subscription amount for Participating **Shares** shall be the applicable amount (if any) set out in section 2.2 above. Except as otherwise specified in the Supplemental Memorandum, and unless otherwise authorized on a discretionary basis by the Sub-Manager with respect to any given Shareholder in any given Class, the minimum incremental subscription amount for Participating **Shares** per any Eligible Investor shall be US$10,000 (or the equivalent amount in the relevant Class Currency)." 4.3 Subscription Procedure Sections 4.3.4 and 4.3.5 shall be altered to read as follows: "4.3.4 The Continuing Offer For any given Class, Participating **Shares** will be issued after the Closing Date, subject to section 5.2 below, only on each Dealing Day for such Class. (A) For any given Class, if the application for subscription of Participating **Shares** is made by indicating an amount of cash as described in section 4.3.5 below: - (a) applications for subscription for Participating **Shares** (submitted through Application Forms) must be received by the Sub-Manager on or before the Subscription Dealing Deadline on or before the Subscription Cut-Off Day; and - (b) either (i) payment in cleared funds of the subscription amount (the "Subscription Amount") or, (ii) if explicitly authorised by the Sub-Manager in its sole discretion, evidence satisfactory to the Sub-Manager in its sole **discretion** that such Subscription Amount will be received by the Sub-Manager and available for **investment** into the Fund on the relevant Dealing Day, must be received by the Sub-Manager on or before the Subscription Cut-Off Day; in order for the application to be executed on the relevant Dealing Day (i.e. for the avoidance of doubt, on the Dealing Day for such Class that immediately follows such Subscription Cut-Off Day) at the Subscription Price computed on such Dealing Day. (B) For any given Class, if the application for subscription of Participating **Shares** is made by indicating a number of Participating **Shares**, as described in section 4.3.5 below: - (a) applications for subscription for Participating **Shares** (submitted through Application Forms) must be received by the Sub-Manager on or before the Subscription Dealing Deadline on the Subscription Cut-Off Day; and (b) evidence acceptable to the Sub-Manager in its sole and absolute **discretion** that the Subscription Amount will be received by the Sub-Manager and available for **investment** into the Fund on the relevant Dealing Day, must be received by the Sub-Manager on or before the Subscription Cut-Off Day; in order for the application to be executed on the relevant Dealing Day (i.e. for the avoidance of doubt, on the Dealing Day for such Class that immediately follows such Subscription Cut-Off Day) at the Subscription Price computed on such Dealing Day. (C) For any given Class: - if an application for subscription (submitted through an Application Form) is received by the Sub-Manager after such Subscription Dealing Deadline on such Subscription Cut-Off Day; or - if either (i) (in a case where the Sub-Manager has not agreed to such Subscription Price being paid after the Subscription Cut-Off Day) payment in cleared funds of the Subscription Amount or (ii) the relevant evidence satisfactory to the Sub-Manager, is received by the Sub-Manager after the Subscription Cut-Off Day; or - if the Sub-Manager has agreed to such Subscription Price being paid after the Subscription Cut-Off Day but such Subscription Price is not in fact received by the Sub-Manager and available for investment into the Fund on the relevant Dealing Day; the application will be dealt with on the Dealing Day that immediately follows the date on which the conditions will be fully complied with (the "Next Dealing Day") at the Subscription Price prevailing on such Next Dealing Day. 4.3.5 Applications under the Initial Offer and the Continuing Offer Applications for subscription are subject to the terms of this Memorandum, the Supplemental Memorandum and the

Application Form. Only Eligible Investors may subscribe for Participating **Shares**. Participating **Shares** may only be issued in the names of companies, partnerships, entities, institutions, or individuals. Further, Participating **Shares** purchased for those under 18 years of age must be registered in the name of the parent or legal guardian. As a general rule, applications for subscription of Participating Shares must be given by indicating an amount of cash denominated in the relevant Class Currency. However, upon specific request, the Sub-Manager may in its sole and absolute discretion accept applications for subscription of Participating Shares given by indicating a number of Participating Shares. For the avoidance of doubt, the Sub-Manager may only accept such application subject to the satisfaction of the provisions of section 4.3.4 (B) above. The Sub-Manager will only execute an application for subscription given in number of Participating Shares if such application is in compliance with the initial amount of investment stated above in section 2.2, as determined by the Sub-Manager on the relevant Dealing Day. Payment for Participating Shares must be made in the relevant Class Currency. As mentioned in section 4.2 above, any application for subscription of Participating Shares may be rejected or scaled down in the absolute discretion of the Sub-Manager. Where scaled down or rejected, subscription monies not invested in Participating Shares and received by the Fund will be returned to the account from where the monies were initially paid, without interest. The Sub-Manager may, at its own discretion, satisfy any subscription request by procuring the transfer to an applicant of Participating Shares held by the Manager provided that such transfer is carried out at a price per subscribed Participating Share no greater than the Subscription Price on the relevant Dealing Day. The Sub-Manager has determined that, in relation to any Dealing Day for Class B Shares, there shall be an additional Subscription Cut-Off Day which shall fall three Business Days before (but not including) the relevant Dealing Day, provided that such additional Subscription Cut-Off Day shall only be applicable to investors who have, in the discretion of the Sub-Manager, been specifically permitted to use the same by the Sub-Manager." 4.4.2 Redemption Process The following additional paragraph shall be added at the end of section 4.4.2: "The Sub-Manager has determined that, in relation to any Dealing Day for Class B Shares, there shall be an additional Redemption Cut-Off Day which shall fall three Business Days before (but not including) the relevant Dealing Day, provided that a higher Redemption Charge may, in the discretion of the Sub-Manager, apply for redemptions in respect of which the Redemption Notice is received by the Sub-Manager after the Redemption Dealing Deadline on the Specified Number of Business Days for Class B prior to the relevant Dealing Day compared to redemptions in respect of which the Redemption Notice is received by the Sub-Manager before that deadline (it being understood that such Redemption Charge shall not exceed the maximum Redemption Charge specified for Class B Shares in the Supplemental Memorandum)." 5.1.1.2 Method of Calculation In the penultimate paragraph of section 5.1.1.2 the reference to "section 5.4 below" shall be altered to read "section 5.1.4 below". 5.4.1 Organizational and Initial Offering Expenses Section 5.4.1 shall be altered to read as follows: "The costs and expenses associated with the establishment of the Fund including, without limitation, government incorporation charges, fees relating to the listing of the different Classes on the Irish Stock Exchange and professional fees and expenses in connection with the preparation of the Fund's definitive offering documents and the preparation of its constitutional documents, certain costs and expenses incurred by the Sub-Manager in the execution of its duties and such other expenses as are authorised in the Management Agreement and Sub-Management Agreement are estimated to be US$ 40,000. Such costs and expenses will be paid by the Class A Fund (as defined in the Supplemental Memorandum) and will be amortized over a period of 12 months from the first Closing Date to occur." 5.5 Jersey Taxation The final paragraph of section 5.5. shall be replaced by the

following: "As part of an agreement reached in connection with the European Union ("EU") directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident. The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, any dividend distributions to Shareholders by the Fund and income realised by Shareholders upon the sale or redemption of Participating Shares do not constitute interest payments for the purposes of the retention tax system and therefore neither the Fund nor the Manager nor any paying agent appointed by them in Jersey is obliged to levy retention tax in Jersey under these provisions in respect thereof. The foregoing is based on the law and practice currently in force in Jersey and is subject to changes therein. In this regard investors should note that legislation has been adopted by the States of Jersey which (subject to sanction by the British Crown) will, on and from 1 January 2009, introduce a standard rate of corporate tax of 0% applicable to all companies (other than any "financial services company" (as defined therein) and certain specified Jersey utility companies). As at the date hereof, the Fund is neither a "financial services company" nor such a specified utility company." 6.1 The Fund Nigel Spencer Hill ceased to be a director of the fund on September 6th, 2006. On the same date Gildas Briand became a director. His details are as follows. Full Name Gildas Joseph Owen BRIAND Date of Birth 5 July 1967 Nationality French Principal Occupation Manager - Institutional Fiduciary Services Relevant Experience/Former Positions Held October 2005 to date SG Hambros Trust Company (Channel Islands) Limited Manager - Institutional Fiduciary Services Responsible for a team engaged in providing fund administration services to various hedge funds sub-managed by portfolio managers based in Paris. April 2003 to September 2005 Aberdeen Private Wealth Management Limited Investment Administration Officer - working within small team responsible for the administration of US and Canadian closed-end funds. December 2001 to March 2003 Travelling February 1994 to November 2001 Kleinwort Benson (Channel Islands) Limited Director of Kleinwort Benson Trust Company (Jersey) Limited - Fiduciary Corporate Division Holding first the position of Trust Administrator to reach the position of Trust Director in the Corporate Department of that firm responsible for Employee Benefit Trusts and various specialised corporate structures. Qualifications: Middlesex University/Faculte des Sciences Economiques de Nantes - BA (Hons) Economics - 1991 Associate of the Chartered Institute of Bankers - 1997 UMIST - Bsc. (Hons) in Financial Services - 1997 Relevant Interests-Positions in Promoting Group/ Mr Briand is an officer of SG Hambros Trust Company Manager and Associate Companies (Channel Islands) Limited and is a director of a number of other funds promoted by Societe Generale. Mathias Ranke and Matthieu Fortin ceased to be director of the Fund on March 24th, 2005. On the same date Nathanael Benzaken and Lionel Erdely became directors. Nathanael Benzaken's details are as follows: Full Name Nathanael BENZAKEN Date of Birth 1 February 1971 Nationality French Principal Occupation Head of

Hedge Fund Relations & Risk Analysis Department. Relevant Experience/Former Positions Held February 2005 to date Lyxor Asset Management S.A. Head of Hedge Fund Relations & Risk Analysis Department - supervising $24 billion in hedge funds across all alternative strategies. March 2001 - February 2005 Lyxor Asset Management S.A. Deputy Head of Head of Hedge Fund Relations & Risk Analysis Department - supervising Long/Short equity desk; hedge fund selection through due diligence, negotiation of trading advisory agreement and trading limits, structuring of the fund, project co-ordination with legal administrative teams and client relationship managers, negotiation of business terms with hedge fund managers; and personally structuring and managing existing accounts through performance analysis, risk monitoring, and ongoing relationship management. August 1998 - February 2001 Andersen (Luxembourg) Manager of Financial Risk Consulting Division - responsible for the set up and development of the Financial Risk Consulting Division: product/competency development, client relationship management and team co-ordination, and providing services in risk management, treasury management, software selection and pricing of OTC derivatives. May 1995 - July 1998 Credit Agricole Regional Bank (Toulouse, France) Treasurer & Asset Manager - participation to the definition and implementation of the investment strategy of the bank's equity; trading and hedging on CAC 40 futures and options; selection of hedge funds and funds of hedge funds; treasury management with trading on cash, futures, swaps and options; and sales for institutional investors, corporates and high net worth investors; structuring and selling financial products. Qualifications: Master's degree in Finance and Computer Sciences - University of Toulouse, France 1995 Major in Audit and Finance - Marseille Business School, 1994 Relevant Interests-Positions in Promoting Group/ Mr Benzaken is an officer of Lyxor Asset Management S.A. Manager and Associate Companies and is a director of a number of other funds promoted by Societe Generale. Lionel Erdely's details are as follows: Full Name Lionel ERDELY Date of Birth 14 February 1974 Nationality French Principal Occupation Head of Asset Allocation & Investor Relation Supervision Relevant Experience/Former Positions Held 2004 to date Lyxor Asset Management. Head of Asset Allocation & Investor Relation - Supervision of: -Global Asset Allocation (funds of hedge funds) -Relations with investors and investment advisors -Head of Lyxor Investment Committee. 2002 - 2004 Lyxor Asset Management S.A. Fund of hedge funds management, client servicing for investors worldwide, mainly in Switzerland, Germany and Hong Kong. Responsible for strategy within the Investment Committee of Lyxor Asset Management S.A. 2000 - 2002 Societe Generale Group Vice-President in Equity Corporate Finance, Paris and Frankfurt Origination and execution of several IPOs, Capital Increases and Convertible Bonds Issues, mainly on the German market. 1998 - 2000 Societe Generale Group Analyst at SG Corporate and Investment Banking in Warsaw, Poland. Analytical and financial studies on Polish companies and French Group's subsidiaries. 1996 - 1997 CIC Securities Analyst: French Small & Mid Caps -- EIFB (Equity Research Department). Qualifications: MBA from Ecole Superieure des Sciences Economiques et Commerciales (ESSEC), Paris-France - 1994 to 1998. Baccaulareat C in Maths and Physics with honours. Relevant Interests-Positions in Promoting Group/ Mr Erdely is an officer of Lyxor Asset Management S.A. and Manager and Associate Companies is a director of a number of other funds promoted by Societe Generale. Philip Robin McIlwraith ceased to be a director of the Fund on 12th July 2004. On the same date Spencer Wells became a director. Spencer Wells ceased to be a director of the Fund on June 22nd, 2005. On the same date Brian Christopher Chambers became a director. Brian Christopher Chamber's details are as follows: Full Name Brian Christopher CHAMBERS Date of Birth 31 August 1955 Nationality British Principal Occupation Assistant Director Relevant Experience/Former Positions Held 1999 to date SG Hambros Bank & Trust (Jersey) Limited Assistant Director/Senior Portfolio Manager 1992 to 1999 AIB Govett Management (Jersey) Limited Director of AIB Govett

Management (Jersey) Limited and the Govett range of Jersey based collective investment schemes. Qualifications: Admitted as member of the London Stock Exchange (Fellow of the Securities Institute) University of Essex BA (Hons) Economics - 1982 Associate of the Institute of Chartered Secretaries and Administrators - 1979 Relevant Interests-Positions in Promoting Group/ Mr Chambers is a director of a number of other funds Manager and Associate Companies promoted by Societe Generale. 6.2 The Manager The final paragraph of section 6.2 shall be altered to read as follows: "The directors of the Manager are G.R. Glegg, A.E.H Rowland, S.J Bignell, A.J.Bourke. and S.M. Powell. Aside from their duties as directors of the Manager, they also have the following responsibilities within Societe Generale Group. Mr Glegg is the Deputy Group Head of Funds Research of SG Private Banking. Mr Rowland is Head of Credit for SG Hambros Group's operations in London, Jersey, Guernsey, Gibraltar and the Bahamas and also has responsibility in Jersey for the provision of private banking services and particularly credit. Mr Bignell and Mr Bourke are responsible for the provision in Jersey of Institutional Fiduciary Services and Trust Services respectively by other subsidiaries of Societe Generale. Mr Powell is the Financial Controller of SG Hambros Bank (Channel Islands) Limited." 6.3 The Custodian The final paragraph of section 6.3 shall be altered to read as follows: "As at December 31st, 2006, the Custodian had assets with a value of approximately #1,104,119,000 under custody in its accounts." 6.4 The Sub-Manager The last sentence of the first paragraph of section 6.4 shall be altered to read as follows: The issued and paid up share capital of the Sub-Manager is 1.2 million Euros. The second paragraph of section 6.4 shall be altered to read as follows: "As at December 30th, 2006, the Sub-Manager had assets with a value of approximately 61 billion Euros under management." Appendix Risk Factors The paragraph concerning "Other Commissions" shall be replaced by the following: Other Commissions "The Sub-Manager or its Associates may from time to time be paid amounts by brokers, dealers, banks and the Trading Advisor in respect of commissions paid by the Fund to, fees paid by the Fund to, and interest paid to the Fund by, the broker, dealer, bank or Trading Advisor. Such amounts may be paid to the Sub-Manager or its Associates in exchange for business (including business transacted on behalf of the Fund) brought to the broker, dealer, bank or Trading Advisor by the Sub-Manager. Such amounts may be retained by the Sub-Manager or its Associates for their own benefit without any obligation to account to the Fund." The Supplemental Memorandum should be read subject to the following changes: 1.3.2 Investment Methodology The final paragraph of section 1.3.2 shall be altered to read: "In respect of the management of the Principal Investment Portfolio, the Trading Advisor is restricted to using only such brokers, dealers, Principal Brokers, counterparties for over the counter derivative transactions and counterparties for repurchase or reverse repurchase transactions as have received the prior written approval of the Manager and/or the Sub-Manager. The Trading Advisor is also restricted to using only such Prime Brokers as have received the prior written approval of the Manager and/or the Sub-Manager and/or the Custodian." Sections 1.6, 1.6.1 and 1.6.2 shall be altered to read as follows: "1.6 Fees Payable to the Trading Advisor The amount of the fees payable to the Trading Advisor under this section 1.6 will be calculated in good faith by the Sub-Manager and subject to the net asset value of the Principal Investment Portfolio provided by the Sub-Manager every Dealing Day (on the basis of the Official NAV) whose calculations shall be final and binding on the Trading Advisor in the absence of any manifest error. For the purposes of this section 1.6, the following words shall bear the following meaning: "Dealing Day" means each Friday, and if such day is not a Dealing Business Day, the immediate following Dealing Business Day. "Dealing Business Day" means a day other than a Saturday or Sunday on which banks are open for normal banking business in Jersey and Paris. "Official NAV" means the net asset value of the Principal Investment Portfolio provided by the Sub-Manager every

Dealing Day on the basis of the closing prices and positions of the previous Valuation Day. The Official NAV of the Principal Investment Portfolio may vary from the official net asset value of the Classes of the Fund as published by the Sub-Manager. "Valuation Day" means with respect to any Dealing Day, the Tuesday immediately preceding such Dealing Day. If the Sub-Manager determines, in its sole and absolute discretion, that there is no price available for any part of the Principal Investment Portfolio's assets and liabilities on such Tuesday, then the Valuation Day shall be the first day preceding such Tuesday, in respect of which the Sub-Manager has been able to gather all information needed to compute the net asset value of the Principal Investment Portfolio. 1.6.1 Trading Advisory Fee The Sub-Manager on behalf of the Fund shall pay to the Trading Advisor a Trading Advisory Fee out of the assets of the Principal Investment Portfolio. This Trading Advisory Fee is equal to the average value of the marked to market value of the Principal Investment Portfolio (computed on a weekly basis by the Sub-Manager) multiplied by the TAF Rate, and multiplied by the number of calendar days for the relevant period, divided by 365. The Trading Advisory Fee shall be payable and shall be retained by the Trading Advisor regardless of trading performance of the Principal Investment Portfolio. The Trading Advisory Fee is calculated and payable in USD at the end of each quarter ending the last Dealing Day of February, May, August and November (a "Trading Advisory Fee Period"). If the Trading Advisory Agreement is terminated at any time other than at the end of a Trading Advisory Fee Period, the Trading Advisor shall be entitled to a Trading Advisory Fee on a pro rata temporis basis. 1.6.2 Incentive Fee In addition to the Trading Advisory Fee, the Sub-Manager on behalf of the Fund shall pay to the Trading Advisor an Incentive Fee broadly equal to the IF Rate multiplied by the net realised and unrealised appreciation of the Principal Investment Portfolio (net of brokerage and third party expenses related to the trading of the Principal Investment Portfolio and the Trading Advisory Fee) during each Incentive Period (as set out below); provided however, that an Incentive Fee will be payable only in respect of the appreciation of the Principal Investment Portfolio since the last Official NAV used to determine any previous Incentive Fee paid to the Trading Advisor (or for the first Incentive Period, since the date of the Trading Advisory Agreement). The Incentive Fee is calculated and payable in USD at the end of each quarter ending the last Dealing Day of February, May, August and November (an "Incentive Period")." If the Trading Advisory Agreement is terminated at any time other than at the end of an Incentive Period, the Trading Advisor shall be entitled to an Incentive Fee as set forth above for that shorter period." Annex I A.1 Definitions Applicable to Class A The definition of 'TAF Rate' is replaced by the following new definition: "TAF Rate: up to 2%" The definition of 'Dealing Day' is replaced by the following new definition: "Dealing Day: As from the Closing Date, each Friday, and if such day is not a Business Day, the immediate following Business Day." B.1 Definitions Applicable to Class B The definition of 'Dealing Day' is replaced by the following new definition: "Dealing Day: As from the Closing Date, each Friday, and if such day is not a Business Day, the immediate following Business Day." The definition of 'TAF Rate' is replaced by the following new definition: "TAF Rate: up to 2%" B.2.2 Fees The following paragraph shall be added to the end of section B.2.2: "A higher Subscription Charge or Redemption Charge may apply to subscriptions or redemptions to be executed on any Dealing Day other than the Dealing Day which falls the Friday following the first Tuesday of each calendar month. However, such Subscription Charge or Redemption Charge may not exceed the maximum Subscription Charge and Redemption Charge specified in section B.1 above." C.1 Definitions Applicable to Class C The definition of 'TAF Rate' is replaced by the following new definition: "TAF Rate: up to 2%" This announcement has been issued through the Companies Announcement Service of The Irish Stock Exchange. This information is provided by RNS The company news service from the London Stock Exchange

Company Names: Allied Irish Banks PLC; Chartered Institute of Bankers UK; Commodity Futures Trading Commission USA; Credit Agricole SA; European Union; Financial Services Authority UK; JANA Partners LLC; Lyxor Asset Management; National Association of Securities Dealers Inc; New York Stock Exchange LLC; Securities & Futures Authority UK; Societe Generale; Standard & Poor's Corp; UBS AG
Descriptors: Appointments; Bankruptcy & Receivership; Bonds; Company Management; Company News; Contracts & New Orders; Corporate Finance; Debt; Dividends; Education & Training; European Union Government; Expenditure; General News; Government News; Human Resources & Employment; International Affairs; Law & Legal Issues; Market News; Markets; Mergers & Acquisitions; New Issues; Pay Awards & Benefits; Production; Public Offerings; Regulation of Business; Results; Share Structure
Country Names/Codes: Bahamas (BS) ; Canada (CA) ; France (FR) ; Germany (DE) ; Gibraltar (GI) ; Hong Kong (HK) ; Ireland (IE) ; Luxembourg (LU) ; Poland (PL) ; Switzerland (CH) ; United Kingdom (GB) ; United States of America (US)
Regions: Americas; Asia; Caribbean; Eastern and Central Europe; Europe; North America; Western Europe
Province/State: Channel_Islands; Connecticut; Delaware; PWC_Saved_Search; Scotland; Washington
SIC Codes/Descriptions: 9721 (International Affairs); 6020 (Commercial Banks); 6282 (Investment Advice); 6211 (Security Brokers & Dealers); 9651 (Regulation of Miscellaneous Commercial Sectors); 9311 (Finance Taxation & Monetary Policy); 6719 (Holding Companies NEC); 8221 (Colleges & Universities); 8631 (Labor Unions & Similar Labor Organizations); 7372 (Prepackaged Software); 6730 (Trusts); 6231 (Security & Commodity Exchanges); 6722 (Management Investment Open-End); 9700 (National Security & International Affairs); 6030 (Savings Institutions); 9611 (Administration of General Economic Programs); 9199 (General Government NEC); 6710 (Holding Offices); 8200 (Educational Services); 8600 (Membership Organizations); 2711 (Newspapers); 8399 (Social Services NEC); 9100 (Executive Legislative & General); 7300 (Business Services); 6000 (Depository Institutions); 6371 (Pension Health & Welfare Funds)
Naics Codes/Descriptions: 9261 (Admin of Economic Programs); 8139 (Business Labor Political & Like Organizations); 61131 (Colleges Universities & Professional Schools); 52211 (Commercial Banking); 522 (Credit Intermediation & Related Activities); 5221 (Depository Credit Intermediation); 611 (Educational Services); 52 (Finance & Insurance); 525 (Funds Trusts & Other Financial Vehicles); 9211 (General Government Administration); 81321 (Grantmaking & Giving Services); 51 (Information); 92812 (International Affairs); 52393 (Investment Advice); 52311 (Investment Banking & Securities Dealing); 81393 (Labor Unions & Similar Labor Organizations); 55111 (Management of Companies & Enterprises); 928 (National Security & International Affairs); 551112 (Offices of Other Holding Companies); 52591 (Open-End Investment Funds); 5239 (Other Financial Investment Activities); 5259 (Other Investment Pools & Funds) ; 81 (Other Services exc Public Admin); 52392 (Portfolio Management); 92 (Public Admin); 92113 (Public Finance Activities); 511 (Publishing Industries); 92615 (Regulation Licensing & Inspection of Miscellaneous Commercial Sectors); 813 (Religious Grantmaking Professional & Like Organizations); 52321 (Securities & Commodity Exchanges); 52312 (Securities Brokerage); 5231 (Security & Commodity Contracts Intermediation & Brokerage); 523 (Security Commodity Contracts & Like Activity); 51121 (Software Publishers); 221 (Utilities)

69/9/7 (Item 7 from file: 20)
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Strategic EvarichJFd - Investment Manager

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RNS Number:1538Y Strategic Evarich Japan Fund Ltd 11 June 2007 COMPANY ANNOUNCEMENT For Immediate Release 11 June 2007 STRATEGIC EVARICH JAPAN FUND LIMITED RE: Investment Manager The Board of Directors (the "Directors") of Strategic Evarich Japan Fund Limited (the "Fund") wish to announce that Sturdza Strategic Management Limited (the " Manager") continue to have and have always had ultimate **discretion** over the **investment** decisions of the Fund. Any reference to Evarich Asset Management having ultimate **discretion** of the **investment** decisions of the Fund was made in error. The Manager is regulated by the Guernsey Financial Services Commission. Fees/Remuneration Provisions The Fund will pay the Manager a fee for the management and investment advice at the annual rate of 1.5 per cent of the net asset value of the Fund, payable monthly in arrears. (DEL: :DEL) There will also be a Performance Fee payable by the Fund to the Manager, which will be taken into account on each Valuation Day in the calculation of the net asset value and which will be paid by the Fund semi-annually in arrears on each of 30 June and 31 December (each a "Crystallisation Date") commencing in June 2004, equal to 20 per cent. of the increase in value, if any, of the net asset value per **Share** (before deducting the amount of any accrued liability for a Performance Fee). Appropriate adjustments will be made to account for subscriptions and redemptions during each accounting period. The Performance Fee will be calculated using the "net new highs" or "high water mark" methodology which means that no further fee will be accrued until the net asset value per **Share** has exceeded the highest net asset value per **Share** as at the immediately preceding the Crystallisation Date. Terms and Conditions The Fund has entered into an agreement (the "Management Agreement") with the Manager under which the Manager is responsible for managing the investment and re-investment of the cash and securities comprising the assets of the Fund subject to the overall investment policy of the Directors of the Fund and any instructions given to it by the Directors from time to time. The Manager has the right to delegate this function to such persons and to such extent as the Manager deems fit. In addition, the Manager is responsible for conducting the day-to-day administration, correspondence and business of the Fund subject to the overall direction and in accordance with the instructions of the Directors. The Manager also has the right to delegate such conduct in whole or in part to such persons and to such extent as the Manager deems fit. The Manager has delegated certain of its functions to the Fund Administrator, Secretary and Registrar. The Management Agreement provides for the appointment of the Manager to continue until determined by either party giving to the other not less than twelve months' notice or earlier on certain breaches of the Management Agreement, including the insolvency of the Manager or the Fund. The Manager is entitled to deal in **shares** in the Fund without accounting for **profits** to the Fund or the shareholders. Termination Provisions The Management Agreement dated 2nd February 2004 between the Fund and the Manager. This agreement provides that the appointment of the Manager will continue unless and until determined by either party giving to the other not less than twelve months' written notice. The agreement may also be determined forthwith if either party shall be in breach of its obligations under the agreement (not having remedied such breach within 30 days of notice requiring it to do so), or if the other party shall go into liquidation. The Fund may also terminate the agreement if the Manager ceases to be a resident of the Island of Guernsey or is prevented by a force majeure from performing its obligations under the agreement for a period of two months. The agreement also provides that, in the absence of negligence, fraud or wilful default, the Manager shall not be liable to the Fund and the Fund shall indemnify the Manager for any losses it suffers in the performance

of its duties under the agreement, including payments made by the Manager to the Investment Advisor pursuant to the Investment Advisory Agreement. Indemnification Provisions In the absence of negligence, fraud or wilful default, the Manager shall not be liable for any loss or damage suffered by the Fund or the Custodian arising directly or indirectly out of any error of judgement or oversight or mistake of law on the part of the Manager, made or committed in good faith in the performance of its duties and the Fund shall indemnify and hold harmless the Manager against all claims and demands (including costs and expense arising there from or incidental thereto) which may be made against the Manager in respect of any loss or damage sustained or suffered or alleged to have been sustained or suffered by any person otherwise than by reason of the actual negligence, fraud or wilful default of the Manager including payments made by the Manager to any investment advisers appointed by the Manager with the consent of the Fund. The Manager shall not be required to take any legal action on behalf of the Fund unless fully indemnified to its reasonable satisfaction for costs and liabilities. If the Fund requires the Manager in any capacity to take any action, which in its opinion might make it or its agents or nominees liable for the payment of money or liable in any other way, the Manager shall be kept indemnified in any reasonable amount and form satisfactory to it as a pre-requisite to taking such action. The Manager will fully indemnify and save harmless the Fund in respect of any loss suffered by the Fund by reason of any overpayment of the **proceeds** of the redemption of Participating **Shares** to a shareholder of the Fund. As at the date of this announcement Sturdza Strategic Management Limited have US$2.4 billion in funds under management. The delay in releasing this announcement to the Irish Stock Exchange was due to an error of an administrative nature. Enquiries: HSBC Securities Services (Guernsey) Limited Ms Martine Stanley Phone: +44 1481 707228 NCB Stockbrokers Limited Ms Louise Scott Phone: +353 1 611 5907 This announcement has been issued through the Companies Announcement Service of The Irish Stock Exchange This information is provided by RNS The company news service from the London Stock Exchange

Company Names: HSBC Holdings PLC
Descriptors: Appointments; Bankruptcy & Receivership; Company Management; Company News; Contracts & New Orders; Crimes; General News; Human Resources & Employment; Law & Legal Issues; Pay Awards & Benefits; Regulation of Business
Country Names/Codes: Ireland (IE) ; Japan (JP) ; United Kingdom (GB)
Regions: Asia; Europe; Western Europe
SIC Codes/Descriptions: 6282 (Investment Advice); 6020 (Commercial Banks); 6211 (Security Brokers & Dealers); 6722 (Management Investment Open-End); 6712 (Bank Holding Companies); 6030 (Savings Institutions); 6710 (Holding Offices); 6000 (Depository Institutions); 6371 (Pension Health & Welfare Funds)
Naics Codes/Descriptions: 52211 (Commercial Banking); 522 (Credit Intermediation & Related Activities); 5221 (Depository Credit Intermediation); 52 (Finance & Insurance); 525 (Funds Trusts & Other Financial Vehicles); 52393 (Investment Advice); 55111 (Management of Companies & Enterprises); 551111 (Offices of Bank Holding Companies); 52591 (Open-End Investment Funds); 5239 (Other Financial Investment Activities); 5259 (Other Investment Pools & Funds); 52392 (Portfolio Management); 52312 (Securities Brokerage); 5231 (Security & Commodity Contracts Intermediation & Brokerage); 523 (Security Commodity Contracts & Like Activity)

69/9/8 (Item 8 from file: 613)

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Recreation USA Receives Commitment for Additional Funding

PR Newswire

Wednesday , October 30, 2002 16:04 EST

Journal Code: PR **Language:** ENGLISH **Record Type:** FULLTEXT **Document Type:** NEWSWIRE

Word Count: 1,050

Text:

LINCOLNSHIRE, Ill., Oct. 30 /PRNewswire-FirstCall/

- Holiday RV Superstores, Inc. (Nasdaq: RVEE) announced today that it has executed an agreement with its major investor, Steve Adams, whereby Mr. Adams will provide the Company with $2.5 million to $3.5 million in additional funding. In addition, Mr. Adams, as well as two other investors, have agreed to convert certain outstanding debt of the Company and all of the Company's Series A and Series AA-2 Preferred Stock into common stock of the Company. These agreements are part of the Company's restructuring plan, which seeks to increase the Company's stockholders' equity in order for the Company to regain compliance with the listing requirements of the Nasdaq SmallCap Market and to improve the Company's ability to return to profitability.

Mr. Adams has agreed to make an additional investment in the Company of a minimum of $2.5 million and a maximum of $3.5 million with the aggregate amount being at the **discretion** of Mr. Adams. (Mr. Adams has made to date an additional **investment** of $1.7 million.) The **proceeds** of this investment by Mr. Adams are for general working capital requirements incurred in the normal course of business. To the extent this investment can be made as common stock under the Nasdaq rules, Mr. Adams will purchase **shares** of common stock at $0.62 per **share**, the closing trading price for the Company's Common Stock on October 22, 2002 which was the last trading day on which the Company's Common Stock traded on or preceding the date on which the Term Sheet was executed. Any remaining amount of the additional investment would be made as a convertible secured loan. The loan would convert into common stock at $0.62 per **share** once shareholder approval is obtained for the issuance of the **shares** of common stock. If Nasdaq requires a shareholder vote for the issuance of the common stock, a proxy statement for a special meeting of stockholders to vote on the issuance of **shares** of common stock upon the conversion of Mr. Adams' debt will be prepared as soon as possible. Mr. Adams has agreed to vote all Company Common Stock controlled by him in the same manner the majority of other **shares** voted at the meeting.

In addition to this additional investment by Mr. Adams, Mr. Adams has agreed to convert into the Company's Common Stock at $0.62 per **share** a $1.6

million convertible note (plus accrued interest and associated fees), his $1.5
million of Series A preferred stock (plus accrued but unpaid dividends) and his $1.5 million of Series AA-2 preferred stock (plus accrued but unpaid dividends). All of these agreements with Mr. Adams are conditioned upon the
consummation of the refinancing of the Company's revolving inventory credit facility on terms acceptable to Mr. Adams. With regard to the Company's current credit facility, the Company is in negotiations with a prospective lender with a view of completing the refinancing as soon as possible.

The Company's current credit facility expires on October 31, 2002, at which time the Company will owe the lender an additional fee of $100,000. The
Company is currently in negotiations with other lenders. However, should the
current credit facility not be refinanced by October 31, 2002, the lender could call the loan, which could have a material adverse effect on the Company
and raise substantial doubt about the Company's ability to continue as a going
concern and to achieve its intended business objectives.

In addition to the agreement with Mr. Adams, another investor has agreed
to forgive $75,000 of debt owed by the Company and to convert $325,000 of debt
into **shares** of common stock of the Company at $0.80 per
share. Also, the
holder of the remaining $500,000 of Series A preferred stock has agreed to convert his preferred **shares** into common stock of the Company at
$0.62 per
share (conditioned upon Mr. Adams converting his
shares of Series A preferred
stock into common stock).

The effect of these agreements, assuming that Mr. Adams invests the maximum amount of $3.5 million in common stock of the Company, is to increase
the Company's stockholders' equity by approximately $10.0 million to approximately $3.2 million. The Nasdaq SmallCap Market rules require a company to have a minimum of $2.5 million of stockholders' equity. The number
of outstanding **shares** of the Company would increase to
approximately 16.8
million, with Mr. Adams owning approximately 87%.

The Company submitted its restructuring plan to Nasdaq on October 16, 2002
in response to Nasdaq's notice of noncompliance to the Nasdaq SmallCap listing
requirements. To date, Nasdaq has not responded to the Company's submission.

About Recreation USA

Recreation USA operates retail stores in California, Florida, Kentucky, New Mexico, South Carolina, and West Virginia. Recreation USA, the nation's
only publicly traded national retailer of recreational vehicles and boats, sells, services and finances more than 90 RV brands.

The private Securities Litigation Reform Act of 1995 provides a "Safe Harbor" for certain forward-looking statements. The statements contained in
this news release that are not historical facts are forward-looking statements

based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance these expectations and beliefs about future events are accurate. Actual results may differ from those projected in the forward-looking statements. These forward-looking statements involve significant risks and uncertainties (some of which are beyond the control of the Company) and are subject to change based upon various factors. These factors include the following: the fact that our auditors have expressed doubt concerning our ability to continue as a going concern; our need to continue to have access to
floor plan financing for inventory, which may become unavailable to us; our ability to close any more sales of units in the private placement; less-than-
expected consumer demand for our products; pricing pressures; and other competitive factors. The company undertakes no obligation to publicly update
or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a more detailed discussion of some of the ongoing risks and uncertainties of the Company's business, please
see our filings with the Securities and Exchange Commission.

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SOURCE Recreation USA
CONTACT: Anthony D. Borzillo of Recreation USA, +1-954-522-9903
Web site: http://www.recusa.com

Company Names: Recreation USA; Holiday RV Superstores, Inc.; SECURITIES AND EXCHANGE COMMISSION
Geographic Names: AMERICAS; NORTH AMERICA; USA
Product Names: AUTOMOTIVE INDUSTRY; COMPANY PROFILES; CORPORATE; CORPORATE FINANCIAL DATA; FINANCIAL SERVICES; INVESTMENT; RETAILERS; RETAILING AND DISTRIBUTION; STOCKS AND SHARES
Event Names: CORPORATE FINANCIAL DATA; CORPORATE FUNDING; CORPORATE PERFORMANCE; DISTRIBUTION CHANNELS; RETAILING; STOCKS AND SHARES

69/9/9 (Item 9 from file: 20)
25779690
Recreation USA Receives Commitment for Additional Funding and Recapitalization

PR NEWSWIRE (US)
October 30, 2002
Journal Code: WPRU **Language:** English **Record Type:** FULLTEXT
Word Count: 1035

Holiday RV Superstores, Inc. announced today that it has executed an agreement with its major investor, Steve Adams, whereby Mr. Adams will provide the Company with $2.5 million to $3.5 million in additional funding. In addition, Mr. Adams, as well as two other investors, have

agreed to convert certain outstanding debt of the Company and all of the Company's Series A and Series AA-2 Preferred Stock into common stock of the Company. These agreements are part of the Company's restructuring plan, which seeks to increase the Company's stockholders' equity in order for the Company to regain compliance with the listing requirements of the Nasdaq SmallCap Market and to improve the Company's ability to return to profitability.

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In addition to this additional investment by Mr. Adams, Mr. Adams has agreed to convert into the Company's Common Stock at $0.62 per share a $1.6 million convertible note (plus accrued interest and associated fees), his $1.5 million of Series A preferred stock (plus accrued but unpaid dividends) and his $1.5 million of Series AA-2 preferred stock (plus accrued but unpaid dividends). All of these agreements with Mr. Adams are conditioned upon the consummation of the refinancing of the Company's revolving inventory credit facility on terms acceptable to Mr. Adams. With regard to the Company's current credit facility, the Company is in negotiations with a prospective lender with a view of completing the refinancing as soon as possible.

The Company's current credit facility expires on October 31, 2002, at which time the Company will owe the lender an additional fee of $100,000. The Company is currently in negotiations with other lenders. However, should the current credit facility not be refinanced by October 31, 2002, the lender could call the loan, which could have a material adverse effect on the Company and raise substantial doubt about the Company's ability to continue as a going concern and to achieve its intended business objectives.

In addition to the agreement with Mr. Adams, another investor has agreed to forgive $75,000 of debt owed by the Company and to convert $325,000 of debt into shares of common stock of the Company at $0.80 per share. Also, the holder of the remaining $500,000 of Series A preferred stock has agreed to convert his preferred shares into common stock of the Company at $0.62 per share (conditioned upon Mr. Adams converting his shares of Series A preferred stock into common stock).

The effect of these agreements, assuming that Mr. Adams invests the maximum amount of $3.5 million in common stock of the Company, is to increase the Company's stockholders' equity by approximately $10.0 million to approximately $3.2 million. The Nasdaq SmallCap Market rules require a company to have a minimum of $2.5 million of stockholders' equity. The number of outstanding shares of the Company would increase to approximately 16.8 million, with Mr. Adams owning approximately 87%.

The Company submitted its restructuring plan to Nasdaq on October 16, 2002 in response to Nasdaq's notice of noncompliance to the Nasdaq SmallCap listing requirements. To date, Nasdaq has not responded to the Company's submission.

About Recreation USA

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The private Securities Litigation Reform Act of 1995 provides a "Safe Harbor" for certain forward-looking statements. The statements contained in this news release that are not historical facts are forward-looking statements based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance these expectations and beliefs about future events are accurate. Actual results may differ from those projected in the forward-looking statements. These forward-looking statements involve significant risks and uncertainties (some of which are beyond the control of the Company) and are subject to change based upon various factors. These factors include the following: the fact that our auditors have expressed doubt concerning our ability to continue as a going concern; our need to continue to have access to floor plan financing for inventory, which may become unavailable to us; our ability to close any more sales of units in the private placement; less-than- expected consumer demand for our products; pricing pressures; and other competitive factors. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a more detailed discussion of some of the ongoing risks and uncertainties of the Company's business, please see our filings with the Securities and Exchange Commission.

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Web site: http://www.recusa.com/

Company Names: Holiday RV Superstores Inc
Descriptors: Company News; Corporate Finance; Debt; Expenditure; Restructuring; Shareholdings; Strategy
Country Names/Codes: United States of America (US)
Regions: Americas; North America

69/9/10 (Item 10 from file: 20)
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Q3 2002 Clear Channel Communications Earnings Conference Call - Final - Part 1

FAIR DISCLOSURE WIRE
October 29, 2002
Journal Code: WFDW **Language:** English **Record Type:** FULLTEXT
Word Count: 4921

OPERATOR: Thank you for your attention and, I'll turn the call over to your host, Mr. Randy Palmer. RANDY PALMER, VP INVESTOR RELATIONS, CLEAR CHANNEL: Good morning, everyone and I appreciate you joining us for this morning's third quarter earnings conference call. Joining me today for the call are Lowry Mays, Chairman and and Chief Executive Officer; Mark Mays,

President and Chief Operating Officer; Randall Mays, Chief Financial Officer. Lowry will open up the call and will be followed by Mark and then Randall.

The statements made during this call may contain forward-looking information. These forward-looking statements involve known and unknown risk, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be different from any future results, performance and achievements expressed or implied by these statements.

The following important factors, among others, could effect future results causing these results to differ materially from those expressed in our forward-looking statements: Changes in general economic conditions both domestically and internationally; industry conditions, fluctuations in exchange rates and currency values, capital expenditure requirements; and legislative or regulatory requirements. These risks and uncertainties are noted in Clear Channel's Security filings.

A summary of Clear Channel's third quarter results were released this morning. If you did not receive a copy please contact our Investor Relations department at 210-822-2828 or go to our website at www.clearchannel.com.

A replay of this conference call will be available for 72 hours.

I will now turn the call over to Lowry Mays, Chairman and CEO.

RANDALL MAYS, CFO AND EXECUTIVE VICE PRESIDENT, CLEAR CHANNEL COMMUNICATIONS: Thanks, Randy, and my welcome as well, to all of you this morning for this report. As you can see from our press release, we had an excellent third quarter.

I'm really very proud of everybody in the company. They're out there growing their businesses in all of those 300 U.S. markets and in those markets around the world. They're all focused on serving their customers and their communities and stressing the honesty and integrity that makes this Company great.

Most exciting, I would think, about the report is the 100% increase in free cash flow. We think this is the most significant measure in evaluating the success of the Company. The increase was from $200,897,000 to $418,592,000 or 66 cents a **share** up from 33 cents a **share**.

Another positive, earnings per **share**, adjusted for FAS142 are up 74% from 20 cents to 34 cents. What's better is that we had a lot of momentum coming out of third quarter and fourth quarter will be better.

Mark will get into this in a little more detail in his remarks but before I pass this off you should know, as I said in last quarter, you can take these results to the bank, we have not and will not ever play games with the numbers and we're going to continue to give you the transparency that you need to fairly evaluate our Company.

And now I'll pass to Mark to give you a little color on our operations. Well, thanks, Lowry. Before I get into the color and anecdotal comments on the numbers, I'm a true believer that results speak louder than words and as Lowry said we are very proud of the free cash flow and earnings per **share** numbers that we have posted.

That is the result of a lot of hard work, not necessarily just in the third quarter, but in the preceding 9 to 12 months by our very dynamic management team that has worked very hard in producing those results.

And I want to thank them and tell them how proud I am of them. I also want to thank them for their continued committment to the communities in which they operate and their ability to serve those communities.

A great example of that was recently in the D.C. sniper case where a trucker was listening to one of our radio shows on one of our radio stations, he heard the description while listening and immediately saw the car and phoned it it. It's great to know how integrated we are with our consumers that listen to the radio as well as our ability to serve the

communities which we serve.

Moving over into the radio sector, as you saw in the press release, revenues were up 9.4%. More importantly, broadcast cash flow was up 17%.

If you look at the breakdown of the revenues, our network business is about in line with the overall growth rate.

Our national business grew a little bit faster than that and our local business grew a little bit -- slightly lower than the overall growth rate for radio companies.

If you look at the categories that are driving those great revenue produces -- production, it is all big categories.

Our main big categories are all up. That's retail was up, consumer products was up, telcom was up, auto was up, entertainment was up, finance was up, professional services were up; they were all up in Q3 and they're looking to all be up in Q4. So it's a pretty broad breadth of customers that are driving the growth.

If you look at our products side, if you look at our ratings in the top 30 markets and you look at the summer book compared to the spring book, summer book being those that are just coming out in the last two weeks, we're up in 20 of those 30 markets. That's two-thirds of them are up, We're flat in two and down in eight. That's a 2 1/2 to 1 ratio in up to down. So we're very proud of our product folks. We are delivering great products that our consumers love to listen to.

The good news is, as we look into Q4, we are seeing, as Lowry said, a continuing momentum going into Q4. We would anticipate that our radio revenues would be up high single-digits. We expect our expenses to be flat to down for the quarter, and thus and produce double-digit increases in broadcast cash flow.

Moving over to outdoor. Domestic outdoor did perform better than international outdoor in this sector. Domestic outdoor, again, had many categories driving it, beer and wine continue to be up entertainment, particularly movies, was up. Business and consumer services, primarily banking and mortgage services, were up. And our operating in select Times Square, where, last night, a Hershey's spectacular. It was lit, one of our signs, going up, they continue to be very robust.

If you turn over to international outdoor, those markets are sluggish but are continuing to improve. Four countries which produced a -- very solid **gains** in Q3 were Sweden, Ireland, Denmark and our joint venture in Africa.

Again, looking into Q4, I'm very excited that both domestic and international will be up in cash flow through Q4 and the outdoor division, as a whole, will post double-digit **gains** in cash flow going forward.

If you look at the entertainment sector, as we said on the last call, attendance was down for the Q3, however, the number of events were up. Box seats and season tickets are up. Concessions for (INAUDIBLE) were up, sponsorships were up, so as we continue to increase the attendance at our events, we will absolutely be able to monetize that attendance. And we are excited that the figures have started to increase and as we get into Q4, you should see the cash flow in the entertainment division be up double-digits for Q4. And the other sector, TV and cash, our primary drivers of that sector, both were up in the third quarter. They were way up and if you look into Q4, both television and caps will be up double-digits for Q4.

As you can tell, I am somewhat excited about our businesses. All of our businesses are hitting on most cylinders, do we have room for improvement? Sure. But our businesses absolutely have great momentum. This is a result of, as I said earlier, not necessarily work that's been done in the last two or three months. It's been work that's been heavy lifting for 9 to 12 months for the management teams of our divisions and they have done an outstanding job in building that momentum. And you should look, as we go into fourth quarter, the momentum they're building, that they are going to post double-digit increases for all of our divisions for Q4.

With that, I'll pass it over to Randall. Great, thanks, Mark, I will spend a few minutes going through the highlights and move quickly on to Q & A. As Lowry mentioned, free cash flow is one of the most important measures that we focus on and I will say it again. Free cash flow for the third quarter was $419 million, an increase of 108% over third quarter of last year. We define free cash flow as EBITDA; less interest expense, current taxes and non-revenue producing CapEx.

If you look at free cash flow after all CapEx, it was $362 million compared to $164 million third quarter of 2001, which is an increase of 121%. I think as everyone knows, we have been very focused on our capital expenditures.. We want to make sure every dollar we are reinvesting back into our businesses is making a good rate of return.

As you can see from the press release, we have modified our guidance as it relates to capital expenditures for calendar year, 2002. We previously gave guidance for full year, 2002, of $675 million and for 2003, full year, $550 to $575 million. I am very pleased to report that expectations for full year 2002, CapEx have been lowered to $625 million. So the good news is 2002 CapEx should be down significantly below our original targets. The better news is 2003 CapEx guidance will not change because of that. It remains at $550 to $575 million and our guidance for 2004 will remain at $450 and $475 million.

Taking a quick look at debt. That is another thing we have been very focused on, reducing leverage, paying down debt. During the third quarter, we reduced our debt by a little over $300 million. To put it in perspective, over the last 12 months we have made debt reductions of $1.3 billion. So, I think that, hopefully, proves to you our commitment to getting our debt down.

At September 30, 2002, leverage was at 4.6 times, a reduction from the prior quarter, which was at 4.8 times and we believe that we are on track to be at or near four and a quarter times leverage at year end, 2002.

As we look forward to the fourth quarter, 2002, we believe that, as Mark said, we are going to have a very good fourth quarter. We have provided guidance in our press release that EBITDA will be in the range of $525 to $550 million. Assuming we fall within that range for the fourth quarter, full year free cash flow, as we define it would be approximately $1.2 billion.

Free cash flow after all CapEx will be approximately $900 million.

That concludes our formal comments and I guess, at this time, we'll go ahead and open it up to Q and A. OPERATOR: If you want to ask a question, press a one followed by a 4 on your touchtone phone. All questions will be taken in the order in which they are received. RANDALL MAYS: We can't hear any questions if there were any, operator. OPERATOR: Just one moment, please. Again, if you would like to ask a question, please press a one followed by a four on your touchtone phone. Please stand by while we compile the responses. RANDALL MAYS: We still can't hear any questions, if there are any questions. Operator?

OPERATOR: Yes, just one moment. We have a question from Mr. Richard Rosenstein, go ahead, sir. RICHARD ROSENSTEIN, GOLDMAN SACHS: Thank you, can you hear me?

RANDALL MAYS: Yeah, we can hear you, Rich. RICHARD ROSENSTEIN: A couple of brief questions. One, can you talk about the pricing for your radio and television and outdoor inventory in the fourth quarter and how that compares to say, 2000 levels of pricing. And then, on the debt paydown, Randall, were you calculating a debt paydown including cash if in terms of a net debt number? Because the debt I'm looking at looks like you paid over $200 million, not $300 and I was wondering what the working capital was as well?

RANDALL MAYS: Okay, Rich, this is Mark, I'll handle the pricing. There is no question, particularly as we started to see in the second quarter, demand picking up. We were very attentive to rates across all of our divisions, particularly radio and television. But, also, in the

outdoor sector, radio rates are rising. Are they all back to 2000 levels? No. Certainly, some are increasing to 2000 levels, sure. But I would tell you, for the most part, we are way back up over 2001 levels. That's the positive and we have to continue to drive the demand across our inventory and eventually, we'll get back to those 2000 rates. I can tell you business is healthy and as I said, all categories being up, means there is a broad breadth of customers using the services that we have. With regards specifically to outdoor rates -- a little more in the third quarter, more so, and are carrying that momentum into the fourth quarter. As far as the debt question, if you look at the reduction in debt, $235 million was actually cash reduction in debt and another $65 million would have been reduction in guarantees and letters of credit, which count toward total debt. So, we have to include those when we look at our total debt as it relates to calculating our leverage. RICHARD ROSENSTEIN: So was there a small working capital usage in the quarter, then?

RANDALL MAYS: If you look at working capital during the quarter, it was negative about $80 million. Which means that for the year, we are still positive in working capital to the tune of about $175 to $180 million. Again, we make the assumption that that will be essentially neutral for the full year. We are obviously basing that off the imperical data we have over the last two years from running the company in the kind of current state, so that would suggested that we would expect a decline in working capital of that kind of $175 to $180 million magnitude in the fourth quarter to bring us back to a more neutral working capital for the full year. RICHARD ROSENSTEIN: Perfect, thank you. OPERATOR: Our next question comes from Mr. Tim Wallace from Banc of America Securities. TIM WALLACE, BANC OF AMERICA SECURITIES: Thank you very much. Two questions. On the radio division, can you comment on where you are, relative to your markets, if you know that and then on your CapEx, the reduction in CapEx, can you describe which buckets or categories that came out of and maybe some color on why it was significantly less or is going to be significantly less this year than you expected? Thanks. RANDALL MAYS: Okay, Tim, on the radio, revenue question, if you look at it. We don't have all of the data in, but we do have some data, in New York, we gained **share** and in Los Angeles, we gained **share**, in Chicago, we gained **share**, you look at the top three markets we had to definitively gain **share**. In the top markets, we performed very well. We have very happy with the performance of our group and more importantly, we are very excited about their ability to convert that into great broadcast cash flow growth for the quarter. I'm proud of the division's performance. Tim, as you look at the CapEx question, the good news is the decline is kind of across the board in all of the buckets. I give a lot of credit to our individual business units for really managing capital expenditures and challenging themselves and making sure they are getting good returns on every capital dollar they are investing. That is a big part of that decline. Some of that decline does come from the ability to delay capital expenditures on some of the street furniture contacts. Sometimes that delay is permanent, where we permanently reduce the amount of capital we'll

up putting into them. In some cases, we are not operating at 100% occupancy and therefore, have the **discretion** to delay putting additional capital into the ground where that **investment** would kind of result in a suboptimal rate of return. The good news is that even though some of that is deferred out, we will not increase the 2003 CapEx targets. I think that's very important. We are not squeezing it out of one year into another. We are permanently reducing the overall level of CapEx. If you looked at the new targets we gave for 2002, your working assumption should be 50% of that is now going to be falling into that revenue producing bucket and then the other 50% would fall into the other two buckets. TIM WALLACE: Just one follow up. I know you are giving no guidance on 2003, but could you talk about -- you must have some data points in '03. Can you give us necessary color on what that looks like?

RANDALL MAYS: Yes, Tim, I think if you look at it and you look at sequentially our quarters for 2002, Q2 was better than Q1, Q3 was better than Q2 and if you look at Q4, certainly with all divisions posting growth in Q4 it's going to be better than Q3, we have built momentum throughout the year, there is no reason for you to anticipate that, as we flip the calendar from December 31st, 2002 to January 1st, 2003 that that momentum is going to stop. We think we have definitely built the momentum. We look forward to a positive 2003, as you said, we are not going to give guidance, just yet, on 2003, we are in the budgeting process, right now, which is a very bottoms up detailed process and it's our view that what we want to do is go through that process and give accurate and concise guidance when we are through that process. So, I would tell you all of the momentum and everything looks positive for 2003. But they were going to reserve any guidance until we figure we can give you accurate guidance. TIM WALLACE: Thank you very much. OPERATOR: Our next question comes from Victor Miller from Bear Stearns. VICTOR MILLER, BEAR STEARNS: A couple of questions. The conversion you had going back to Mark's point on revenue converting into broadcast cash flow for the radio division is the highest I have seen in awhile, about 75% plus. Obviously, you made some expense cuts last year's fourth quarter. Could the conversion be even higher for fourth quarter and should we expect that the expense growth that we have seen in this quarter is more indicative of what we would see in the future? And how much of that expense growth in this quarter was from just sales commissions because of the higher revenue growth and how much was actually based growth in the expense base? Thanks. RANDALL MAYS: If you look at it, Victor, there is a lot of questions. I'm not sure I'm going to get them all. The conversion ratio, there is no question if look at the fourth quarter, the conversion ratio will be higher. As we've said, we have been cutting expenses all year, sometimes those take awhile to get into effect, but as I said, you should anticipate, like in the radio division, expenses to be flat to down, which could mean a very healthy conversion ratio for the radio division. I think there is no question that we had some variable expenses that increased because of the revenue generation, sales commissions and other things that our revenue based expenses. Those, as long as we continue to drive revenue and a very high fashion, and you should anticipate those expenses going up. I would tell you that the expenses in Q3 are probably, while they would be down in Q4, they won't even grow as fast as they did in Q3 and Q4. We see that as positive our ongoing focus on expenses. Did I get all your questions there?

VICTOR MILLER: What was the expense growth outside of the variable for third quarter and I have one question for Randall. RANDALL MAYS: I don't have that specifically, Victor, but we'll try to calculate that and get it back to you. VICTOR MILLER: Randall, on the free cash flow calculation that you have here, noticeable drop in the current tax benefit or expense, I should say, and the interest expense, could you just let us know what is your average interest expense this year versus last year and could you talk a little about the current tax benefit drop of almost $90 million? Thanks?

RANDALL MAYS: Currently, if you look at the quarter-over-quarter, the biggest change in that the adoption of FAS142, and a in the change in the way that the deferred taxes are calculated and therefore, how current taxes would flow from that. That's primarily related to the adoption of FAS142 as it relates to our interest costs, certainly, interest costs are down, that's two fold, total debt is down and certainly a big portion of our debt is floating and interest rates are down. So it's a combination of those two. VICTOR MILLER: Thanks. OPERATOR: Thank you, our next question comes from Drew Marcus from Deutsche Bank. DREW MARCUS, DEUTSHE BANC: Thanks, everybody. Two questions -- actually, we'll make it three. One, looks like based on your Q4 guidance and your revenue growth in the 4Q for outdoor that you won't have any minimum guarantee thresholds? You have grown beyond those. That's question number one. Two, if you continue to

maintain your stance that you are not in the quesitive mode and you are doing a great job of converting your free cash and you're thus likely to get off the negative watch at the S&P, at what point do you consider to start paying dividends?

RANDALL MAYS: Was that two questions and you are reserving the third one? Minimum guarantee thresholds in the outdoor, there is no question, Drew, that we are growing through those and that the fact is we stopped that sometime ago as the advertising recession kicked in and at this point, we have gone through the majority of those. Have we gone through all of them? Probably not every single one of them, but on a holistic basis, we have gone through them for Q4. With regard to dividends, you know-- Tax loss. I think we have said, Victor, -- I'm sorry, Drew. That the -- we want to maintain a total leverage of three to four times in the company and as we look at things we can do with our cash, certainly paying down debt, making acquisitions, buying back stock, making dividends are all things that fall under that. Right now, we are very focused on getting our debt leverage down. I will tell you in the type of an environment that we are in where there are premiums on liquidity, that we would want to be toward the lower end of that three to four times leverage ratio before we looked at things like to stock buybacks and/or dividends, certainly, that doesn't mean that we wouldn't but you think we would wait until we were toward the lower end of that range before we started to tackle that question. OPERATOR: Our next question comes from Mr. Paul Sweeney with Credit Suisse First Boston. PAUL SWEENEY, CREDIT SUISSE: Thanks, very much, good morning. Just on the international outdoor business, it seems to be the one segment of your major cash lean business that continues to be a little weak. Could you talk about the makeup of your business over there between different products; transit, billboards, street furniture, some of your competitors over there suggested that transit remains weak, but the billboards and street furniture are getting better. Can you talk about, for you, the businesses there and perhaps any macro things that might be suggesting where the business might go over the next six months. RANDALL MAYS: I think if you look at it, there is no question that the international outdoor has been a little weaker than the domestic, as I said, we anticipate it being a positive cash flow growth for Q4. That would indicate we are starting to see some positive momentum there. That's not necessarily in every single country that we are seeing that positive momentum. It's kind of a mixture of different countries. With regard to street furniture, Our street furniture, no question, it was up in the third quarter. That is obviously due to us putting more plant in the ground. There is an increase in our sales on street furniture. Billboards continues to have some struggles across the different countries. Our transit business is actually very good, so, it may be a definitional term on what you define in each three of those buckets, compared to our competitors. I think our competitors put airport into transit, we may put that into other different sectors. So, street furniture is good, billboards is still in the process of turning, but our transit business is one of our better businesses currently. Thanks so much. OPERATOR: And our next question comes from (INAUDIBLE). MR. KITZMAN: Yes, good morning, first question is on the high single-digit revenue growth, is that just for radio? And I think it's a little lighter than I would have expected given the easy post 9/11 comparisons, are you seeing any areas weakening or are you just being conservative on the guidance there? Secondly, the expense control won the concert business was outstanding. Is that something that can continue in the future and do you expect operating leverage to kick in there next year? Thanks. RANDALL MAYS: If you look at the high single digit radio growth, there is no question that we think that those is a good number, it was for radio, only. It wasn't for the overall company. But, listen, you should anticipate that if the radio industry grows faster than high single-digit growth rates, you should anticipate that we will beat the market and come in above that. With regard to entertainment, I'm not sure I followed the

question. Good expense control can we continue that? Yes, you can anticipate we will continue our expense controls. Not only -- we've done that in all of our divisions, all of our folks are focused on that. They are focused on the cash flows that are generated out of those divisions, that's how they are compensated, that's how they're focused. And you can expect them to focus on two things; number one, how to accrue revenue and how can we generate new and different customers to push demand across the inventory we have and how can we focus on expenses and keep our expenses under control? They are definitely focused on that and they are focused on that and you should see more dividends of that in the fourth quarter. MR. KITZMAN: Great, thanks a lot, guys. OPERATOR: Thank you, our next question comes from Mr. Jonathan Jacoby. JONATHAN JACOBY: Just a few questions, here. Obviously, we are starting to see improvements in outdoor and continued momentum in radio. I was wondering, my first question, are you seeing any differences between larger and smaller markets? That would be the first question. My second question is I was wondering if the Arbitron national data base has rolled out and what are your expectations from that product would be. My third question is to get some clarity. If you can go through, again, your revenue guidance for outdoor and entertainment in the fourth quarter, that would be greatly appreciated. Thank you. RANDALL MAYS: Large versus small and radio and outdoor, if you look at radio, probably, the larger markets, which tend to have a little more national business, grew a little bit faster than the smaller markets. If you look at outdoor, it's pretty broad across the outdoor sector, if you took out two of our markets like San Francisco and the airports, on a domestic basis, the other markets would perform very well. So I would tell you in outdoor, it's probably more broad breadth. We'll see that pay dividends in Q4. With regard to the Arbitron data base, we are starting to see that process being implemented. Results are probably too early to tell. We anticipate it being a very good tool for us. But then it will take awhile for folks to actually get in, utilize the system and perform it to its efficiencies and effectiveness that we anticipate getting utilization out of it. That probably will not be until Q4, Q1 of next year. With regard to revenue growth in entertainment and outdoor, I don't think we gave specific guidance, therefore, I don't think you missed it. But we did say that broadcast cash flow will be up double-digits in both of those divisions for Q4.

Company Names: Clear Channel Communications Inc
Descriptors: Company News; Interim Results; Results

69/9/11 (Item 11 from file: 20)
25695763
Man Alternative Inv - Trading Advisor Report

Man Alternative Investments Limited Investment Objective

NEW RNS
October 25, 2002
Journal Code: WRNS **Language:** English **Record Type:** FULLTEXT
Word Count: 474

Generate strong and consistent capital growth over the long-term in US dollar terms with low volatility by allocating assets to managers who trade in diversified markets implementing a broad range of fundamental, technical, systematic and discretionary strategies.

Track Record: From inception on 24 May 2001 to 30 September 2002

Key Statistics

US $ Total Return -13.1% -3.2%

Last Month -2.6% -1.3% Last Quarter -6.8% -4.4% Last 12 Months -9.6% -3.7% Year to Date -11.2% -4.3% NAV per **Share** 0.8690 1.3635 Total NAV 28,675,613 44,992,037 No. of **Shares** 33,000,000 33,000,000

Man-Glenwood Portfolio

September Commentary

The Man-Glenwood Portfolio registered a negative return. The bulk of losses arose from the Relative Value and Equities - Balanced Long/Short categories after a number of managers struggled amid fresh weakness in **share** values. High levels of volatility and other adverse U.S. equity market conditions continued to cause difficulty for some managers. One manager in the Relative Value category liquidated its portfolio at a significant loss. Performance from the

Equities - Balanced Long/Short category was impaired by heavy losses from energy stocks. A further breakdown in the historical relationships between the stocks proved damaging to long positions. Merger arbitrage managers also performed poorly after the lacklustre pace of M&A activity continued to restrict trading opportunities. Overall losses were reduced by **profits** from the remaining strategies. Equities - Short managers, and short-biased managers within the Equities - Either Long/Short strategy produced strong returns by capitalising on falling stock values. **Gains** from highly hedged managers trading technology stocks underscored a positive return from the Sector Investments category, while results from the International Regional and Distressed Securities categories also proved favourable.

Key Strategies **Profit**/Loss* Key Strategies **Profit**/Loss*

Commodities & Futures 0.13% International - Regional 1.53% Distressed Securities 0.38% Mergers & Reorganisations -0.33% Equities - Balanced L/S -1.36% Multi-Strategy 0.67% Equities - Either L/S 0.20% Relative Value Investments -8.43% Equities - Short 5.91% Sector Investments 0.25% Equities - Timing 0.12%

1 Cash & Equivalents 1.84% 2 Commodities & Futures 3.09% 3 Distressed Securities 12.47% 4 Equities - Balanced L/S 4.93% 5 Equities - Either Long/Short 25.19% 6 Equities - Timing 0.53% 7 Equities - Short 3.43% 8 International - Regional 3.68% 9 Mergers & Reorganisations 9.05% 10 Multi - Strategy 9.49% 11 Relative Value Investments 16.38% 12 Sector Investments 9.92%

You may also access the latest performance figures and other information on the Man Investment Products website: http://www.maninvestmentproducts.com

Please note that the current strategy allocations are as of 30 September 2002. The range of markets traded may be refined in the future at the **Investment** Manager's **discretion**.

*The returns quoted represent the gross **profit**/loss achieved by each strategy as a percentage of capital investment, and take no account of the relative weightings of each strategy within the Man-Glenwood Portfolio.

This information is provided by RNS The company news service from the London Stock Exchange

69/9/12 (Item 12 from file: 20)
25652780
Edinburgh Inv. Trust - Interim Results

Preliminary Announcement of Unaudited Results

NEW RNS
October 23, 2002
Journal Code: WRNS **Language:** English **Record Type:** FULLTEXT
Word Count: 2663

for the six months ended 30 September 2002

The Edinburgh Investment Trust plc is the UK's largest investment trust focussed entirely on the UK. The objectives of The Edinburgh Investment Trust plc are the achievement of capital growth at a higher rate than the FTSE All-Share Index and dividend growth above the rate of UK inflation.

Highlights

* Performance adversely affected by: - weak **share** prices and very volatile trading conditions - impact of gearing - non-recurring costs associated with transition to the new manager. * Net asset value per **share** fell on a capital only basis by 37.3% compared to a fall in the FTSE All-**Share** Index of 29.6%. * Interim dividend up 2.4% to 4.2p per **share**.

* New Manager The board has been impressed with Fidelity's investment process and also the way in which they have handled the overall management of the Company.

For further information, please contact:

The Edinburgh Investment Trust plc Lord Eglinton 01250 883222

Fidelity Investments International Anne Read 020 7961 4409 Jo Roddan 01737 837848

Chairman's Review

Investment Manager & Secretary

As shareholders know, Fidelity Investments International (Fidelity) succeeded Edinburgh Fund Managers (EFM) as investment manager and secretary of the Company with effect from 1 August 2002. This change will not affect theinvestment objectives of the Company, which will retain its status as the largest investment trust focussed entirely on the UK. It will also remain a Scottish registered company and the Annual General Meeting and most of the board meetings will continue to be held in Edinburgh.

The change in manager necessitated a significant reorganisation of the Company's investments during August and September and the transition was largely complete by the end of September. The fund is now structured using four managers, each running a separate portfolio benchmarked against the FTSE All-**Share** Index, and reporting to Simon Fraser, Chief Investment Officer of Fidelity International Limited.The four individual managers have a successful UK equity track record with varying degrees of style and risk and the combined result is a low risk portfolio consisting of around 200 stocks. An analysis of risk carried in the new portfolio shows that there is no material difference in terms of the overall risk from the portfolio that Fidelity inherited on 1 August 2002. The multi-manager process has the merit of evening out the returns between managers without reducing their **discretion** and accountability.

It also avoids reliance on a single manager. A senior **investment** director, Peter Yarrow, is responsible for the overall management of the portfolio in terms of compliance with investment guidelines, risk control and performance reviews. He also represents Fidelity to the board.

On 22 July 2002 I wrote to shareholders informing them that the board had decided to appoint Fidelity as the Company's managers and I explained why we had been impressed by the range of their qualities. Their long-term approach to investing and theirclear record of out-performance complement the Company's objectives to provide a low cost, low risk exposure to the UK market. Fidelity is also an acknowledged industry leader in the provision of ISAs, PEPs and other savings products. I can now report that, on the evidence to date, those impressions have been borne out. As detailed belowthey have carried out a complicated transition process in extremely difficult market conditions within an acceptable level of cost, and on time.

Fidelity has also begun the process of increasing demand for **shares** in the Company. The Edinburgh Investment Trust has now been added to its ISA/PEP range and to its **Share** Plan. The board remains confident that the provision of these services should attract a wider range of shareholders and should be an effective means, over time, of reducing both the size and volatility of the Company's discount to net asset value per **share**.

Performance

During the six months to 30 September 2002 the Company's net asset value per **share** fell on a capital only basis by 37.3% compared to a fall in the FTSE All-**Share** Index of 29.6%. The **share** price fell by 40.2%.

These figures are disappointing but the period under review was notable for extreme weakness in **share** prices along with very volatile trading conditions. The accounting scandals emerging from the US, ongoing disappointing company results, growing fears over the possibility of a "double-dip" recession in the US impacting other major economies and the possibility of further conflict in the Middle East all provided a difficult backdrop for equity investors.

The analysis of the Company's performance for the whole of the six months to 30 September 2002 is set out below. However, this period is made up of two distinct parts, the first being the four months to 31 July 2002 on which date the investment management contract with EFM came to an end and the second being August and September when Fidelity, having assumed responsibility for performance, was engaged in restructuring the portfolio. The explanation of performance in this section relates to the contribution made by each manager in their discrete periods of management.

A feature which was common to both of the parts was the level of the Company's gearing, which exaggerated the underperformance during this period of sharply falling markets. Gearing can be profitable as markets rise but is painful as they fall. Over the six months as a whole net gearing accounted for around 3.7% of the underperformance.

During the period from 1 April to 31 July 2002, the portfolio was not defensively positioned for a falling market and underperformed the FTSE All-**Share** Index by 2.2% on a capital return basis (excluding gearing and charges to capital). For part of this period EFM was operating under the burden of having been given notice of termination of the management contract and competing to be retained as manager.

The transition process effectively began when Fidelity took up office as investment manager on 1 August. At that date around 60% of the portfolio which Fidelity inherited from EFM matched their target portfolio. During August and September in difficult market conditions, marked by low volume and extreme volatility, Fidelity concentrated on moving the inherited portfolio gradually towards the required position, and this was substantially complete by the end of September. However, some of the portfolio inherited by Fidelity proved to be exceptionally

illiquid and continuing to hold certain positions had a detrimental impact, estimated at 1.5%, on performance. This was offset in part by 0.4% out-performance of the remainder of the portfolio during the two month period ended 30 September.

The need to align the two portfolios led to additional costs in selling the securities which Fidelity did not want to hold and in buying those which it did. The board engaged Inalytics, a professional organisation which specialises in analysing transition costs, and Gordon Bagot FFA, an investment and actuarial consultant, to monitor whether Fidelity had conducted this transition process effectively and specifically to judge whether the overall cost of the exercise was in line with industry best practice. The consultants have reported that the cost of buying and selling securities (to include market spread, commission, stamp duty, other expenses and the difference between the prices of the relevant securities on 1 August and on the actual date on which these securities were bought or sold) in constructing the Fidelity portfolio was around #9.3m (1% of the portfolio). They consider that this cost is highly acceptable given the market conditions which prevailed in the two month period during which it was conducted. Gordon Bagot also confirmed that had the Fidelity target portfolio been in place throughout August and September it would have marginally outperformed the FTSE All-**Share** Index on an ungeared basis.

Portfolio Strategy

The positioning of the portfolio at the end of September was moderately defensive, with an overweight exposure to food producers and processors and tobacco stocks. However there was also an overweight exposure to the more cyclical support services and media and photography sectors. The portfolio is currently underweight general retailers, beverages, mining stocks and telecommunications services.

The portfolio is around 10% underweight FTSE 100 stocks and around 10% overweight FTSE Mid-250 stocks.

Having suffered the fall in the market earlier in the year Fidelity decided to maintain the inherited level of gearing, which had increased slightly by the end of September, largely as a result of the continuing market falls. Having added to the underperformance in the six-month period, Fidelity and the board agreed that it was not the time materially to reduce gearing.

Interim Dividend

An interim dividend of 4.2p per **share**, 2.4% higher than last year, will be paid on 2 December 2002 to shareholders on the register at 1 November 2002. It is still too early to make any forecast of the level of final dividend but as previously the board, in making its recommendation, will have regard to the substantial revenue reserve carried forward.

Share Plan and ISA/PEP

The Company's **shares** are now available to savers through both the Fidelity ISA/ PEP and the Fidelity **Share** Plan (a low cost investment trust savings scheme). Both wrapper products are available for lump sum and monthly savings and in addition Fidelity offers a phasing option for the ISA/PEP which enables lump sum investments to be `drip fed' with the aim of minimising the impact of market volatility. The ISA/PEP is also available for transfers and Fidelity will cover the exit fee for any investors transferring across from Edinburgh Fund Managers.

Prospects

The consensus of informed opinion is that while lowinterest rates and increased government spending should help underpin the position domestically,the UK stock market will remain sensitive to news on

corporate earnings and developments in the global economy. The health of the US economy is likely to remain uppermost in investors' minds. Recent data has pointed to a slowdown in consumer spending and a rise in unemployment, supporting the view that US interest rates may need to fall further. Europe has also shown weakening confidence amongst businesses and consumers and eurozone interest rates, which have fallen less than the US, could be lowered to bolster the economy should conditions deteriorate.

Whilst the economic background remains unclear, market falls have exposed good fundamental value which will be reflected in rising **share** prices when investor confidence returns.

Conclusion

The last six months have been difficult for your Company and it was unfortunate that the severe falls in equity markets should have coincided with the inevitable uncertainty engendered by the change of manager and the accompanying need to rearrange a substantial proportion of the portfolio.

However, that rearrangement is now virtually complete and there should be few more costs, if any, associated with it to be met. As to the uncertainty, I am sure that the picture will have become much clearer by the time I report to shareholders at the end of the Company's current financial year.

Meanwhile I must repeat that the board has been impressed not only with Fidelity's investment process, which is operated by a large and highly professional team, but also with the way in which they have handled the overall management of the Company. We are confident that their appointment will be of great benefit to all our shareholders.

The Earl of Eglinton & Winton

Chairman

22 October 2002

Analysis of Performance six months to 30 September 2002

Decrease in Net Asset Value 37.3% Decrease in FTSE All-**Share** Index 29.6% Underperformance 7.7% Analysis of underperformance: UK Equities -3.5% Borrowings (including interest)* -3.7% Charges to capital -0.5%

* Excludes the attributable effect of stock selection and sector allocation.

This attribution is estimated from the Company's records covering the period from 31 March 2002 to 31 July 2002 and from Fidelity's records for the period 31 July 2002 to 30 September 2002. The results from the two periods have been consolidated to produce a result for the entire six-month period. The consolidation means that the analysis provided in the above table cannot be reconciled to the performance figures for the discrete periods referred to in the Chairman's Review.

The Edinburgh Investment Trust plc

Statement of Total Return (incorporating the revenue account)

For the six months ended 30 September 2002

for the six months for the six months for year ended ended ended 30.09.02 30.09.01 31.03.02 unaudited unaudited audited

revenue capital total revenue capital total revenue capital total #'000 #'000 #'000 #'000 #'000 #'000 #'000 #'000 #'000 Realised - (121,208) (121,208) - (1,917) (1,917) - (30,040) (30,040) losses on investments Decrease in - (320,457) (320,457) - (246,924) (246,924) - (96,227) (96,227) unrealised appreciation Income from 17,828 - 17,828 19,158 - 19,158 36,324 - 36,324 investments Interest 1,137 - 1,137 1,852 - 1,852 3,457 - 3,457 receivable on short term deposits Underwriting 43 - 43 2 - 2 4 - 4 commissions Investment (755) (1,762) (2,517) (817) (1,905) (2,722) (1,531) (3,573) (5,104) management fee Other expenses (752) - (752) (506) - (506) (1,260) - (1,260) Exchange **gains** - (2) (2) - (3) (3) - (2) (2) Net return/ 17,501 (443,429) (425,928) 19,689 (250,749) (231,060) 36,994 (129,842) (92,848) (loss) before finance costs and taxation

Interest (2,944) (6,870) (9,814) (2,944) (6,870) (9,814) (5,850) (13,651) (19,501) payable Return/(loss) 14,557 (450,299) (435,742) 16,745 (257,619) (240,874) 31,144 (143,493) (112,349) on ordinary activities before taxation Tax on - - - (1) - (1) (1) - (1) ordinary activities Return/(loss) 14,557 (450,299) (435,742) 16,744 (257,619) (240,875) 31,143 (143,493) (112,350) on ordinary activities after taxation Dividend (10,286) - (10,286) (9,880) - (9,880) (31,230) - (31,230) Transfer to/ 4,271 (450,299) (446,028) 6,864 (257,619) (250,755) (87) (143,493) (143,580) (from) reserves Return/(loss) 5.91p (182.82p) (176.91p) 6.69p (102.96p) (96.27p) 12.50p (57.59p) (45.09p) per ordinary **share**
Interim 4.20p 4.10p 12.79p Dividend per ordinary **share**

These financial statements have been prepared in accordance with the AITC Statement of Recommended Practice (SORP) issued in December 1995.

The Edinburgh Investment Trust PLC

Balance Sheet

As at 30 September 2002

30.09.02 31.03.02 30.09.01 uaudited audited unaudited #'000 #'000 #'000 Fixed assets Investments 895,658 1,329,615 1,262,985 Current assets Debtors 19,365 12,878 16,169 Fidelity Institutional 20,131 - - Cash Fund UK Treasury Bills - 24,831 14,890 AAA Money Market Funds - 73,000 - Cash and other short term 45,643 2,797 15,489 deposits 85,139 113,506 46,548 Creditors - amounts (32,828) (46,693) (14,419) falling due within one year Net current assets 52,311 66,813 32,129 Total assets less current 947,969 1,396,428 1,295,114 liabilities Creditors - amounts (194,977) (194,850) (194,725) falling due after more than one year Total net assets 752,992 1,202,578 1,100,389 Capital and reserves Called up **share**
capital 61,549 61,705 62,062 equity Other reserves 691,443 1,139,873 1,038,327 Total equity shareholders' 752,992 1,201,578 1,100,389 funds Net asset value per 303.81p 484.73p 441.14p ordinary **share**:

The balance sheet as at 31 March 2002 has been extracted from the accounts for the year ended 31 March 2002 which have been delivered to the Registrar of Companies and on which the auditors gave an unqualified report.

The statement of total return and the balance sheet do not represent full accounts in accordance with Section 240 of the Companies Act 1985.

The Edinburgh Investment Trust plc

Cash Flow Statement

For the six months ended 30 September 2002

30.09.02 31.03.02 30.09.01 unaudited audited unaudited #'000 #'000 #'000 Net revenue before finance 17,501 36,994 19,689 costs and taxation Decrease in accrued income 4,801 388 4,140 Increase/(decrease) in 690 (31) (38) creditors Expenses charged to (1,762) (3,573) (1,905) capital Net cash inflow from 21,230 33,778 21,886 operating activities Net cash outflow from (9,625) (19,250) (9,625) servicing of finance Total Tax Paid - (769) (769) Net cash (outflow)/inflow (22,605) 86,500 2,352 from financial investment

Equity dividends paid (21,296) (31,247) (21,069) Net cash (outflow)/inflow (32,296) (69,012) (7,225) before use of liquid resources and financing Net cash inflow/(outflow) 77,700 (43,226) 39,715 from management of liquid resources Net cash outflow from (2,558) (28,125) (22,139) financing Increase/(decrease) in 42,846 (2,339) 10,351 cash

Copies of the interim report will be posted to shareholders as soon as practicable. Copies will also be available to the public at the Company's registered office and from the Secretary at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP

Company Names: Edinburgh Investment Trust PLC

Descriptors: Company News; Market News; Market Reports; Results
Country Names/Codes: United Kingdom (GB)
Regions: Europe; Western Europe
Province/State: Scotland
SIC Codes/Descriptions: 6231 (Security & Commodity Exchanges)
Naics Codes/Descriptions: 52321 (Securities & Commodity Exchanges)

69/9/13 (Item 13 from file: 20)
25621894
Personal finance

Taking a SIPP from the golden cup

Nicholas Watts
BELFAST TELEGRAPH
October 22, 2002
Journal Code: WBEL **Language:** English **Record Type:** FULLTEXT
Word Count: 489

SELF-Invested Personal Pension Plans are an exciting pensions products particularly suited to small businesses or experienced investors.

SIPPs are pensions which allow investors to select the investments in the pension fund. This gives them control over the investment strategy, risk and performance of the pension fund.

SIPPs are sexy pensions. For one, they allow investment in a staggeringly wide range of investments. Furthermore, SIPPs can be used for other financial planning, subject to the Revenue's discretion .

They can also be particularly useful for small businesses, where they can be used in strategic business planning to invest in property.

How do SIPPs work?

SIPPs have the same tax reliefs and tax advantages as other approved pension schemes which means that you can 'phase' retirement and 'draw down' an income. They also provide the normal death benefits associated with personal pension plans

However, SIPPs allow you to invest in a much wider range of investments than a personal pension, providing these fall within the Government's 'approved' list. This can give you exposure to a far wider range of assets which can help to diversify investments. In the light of recent equity volatility, this should be viewed as a significant advantage. This list includes:

-Stocks/**shares**.

-Unit trusts/investment. trusts/collective investments.

-Commercial property purchased from an unconnected party.

-Land in or outside the United Kingdom, including development land, farmland and forestry

-Property or land purchase for investment purposes

-One of the best SIPP features is the ability to invest in commercial property/land through the pension fund - which can be pertinent to the self-employed, small businesses and partnerships.

-Rent is paid to the pension fund for the property or land, which should cover the loan interest, and also increase the pension fund. This creates significant benefits:

-Rent paid to the pension fund is tax deductible as a business

expense.
-There will be no capital **gains** tax liabilities on the final sale of the property or land.
-No future potential Inheritance tax liabilities on the property or land.
-Moreover, such strategies give exposure to property, one of the best performing asset classes.
-Indeed, investors who feel that they have been short changed by pensions funds elsewhere, would do well to consider SIPPs - with their greater control and wider investments, they might just provide the tonic to current equity woes.
-*The Inland Revenue has considerable **discretion** to challenge any **investment** (a) where tax avoidance is suspected and (b) where an **investment** appears to be irreconcilable with the bona fides of the scheme having regard to the sole purpose requirement of providing retirement benefits.
-A SIPP can only hold **shares** on a recognised exchange
-Commercial property can not be purchased with a SIPP after the earlier of pensions date or age 65.
Nicholas Watts MA MCIM is a corporate financial adviser with Inter-Alliance plc, the largest UK and Northern Ireland firm of Independent Financial Advisers. He can be contacted on 02890 764300 or email Nicholas.watts@inter-alliance.com

Descriptors: Company News; General News; Personal Finance; Small Business
Country Names/Codes: United Kingdom (GB)
Regions: Europe; Western Europe
SIC Codes/Descriptions: 6371 (Pension Health & Welfare Funds)
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69/9/14 (Item 14 from file: 621)
03276410 **Supplier Number:** 92425602
PPR - $.0375 September Dividend.

Business Wire , p 0299
Oct 3 , 2002
Language: English **Record Type:** Fulltext
Document Type: Newswire ; Trade
Word Count: 468
Text:
Business Editors

PHOENIX--(BUSINESS WIRE)--Oct. 3, 2002
ING Prime Rate Trust (NYSE: PPR), a diversified closed-end management investment company listed on the New York Stock Exchange, declared 3.75 cents per **share** monthly dividend on September 30, 2002 for the 30 days of September, payable on October 22, 2002 to shareholders of record on October 10, 2002. This represents the 173rd consecutive monthly dividend since the Trust's inception in May 1988.
The following are annualized distribution rate calculations based on the declared dividend for the month, Net Asset Value ("NAV") at month-end

and the month-end NYSE composite closing price ("Market").

Annualized Period-end Distribution Rates	DIVIDEND	NAV	MARKET
September 30, 2002	$ .0375	6.75%	7.73%
August 30, 2002	$ .0385	6.65%	7.66%
July 31, 2002	$ .0375	6.38%	7.56%
June 28, 2002	$ .035	6.00%	6.76%
May 31, 2002	$ .0365	5.93%	6.42%
April 30, 2002	$ .0365	6.08%	6.57%
March 28, 2002	$ .0385	6.24%	6.57%
February 28, 2002	$ .0385	6.97%	7.41%
January 31, 2002	$ .041	6.61%	7.08%
December 21, 2001	$ .042	6.82%	7.45%
November 30, 2001	$ .043	7.16%	7.94%
October 31, 2001	$ .047	7.65%	8.49%

ING Prime Rate Trust was the first fund to invest in a portfolio of floating rate bank loans. The Trust seeks to provide as high a level of current income as is consistent with the preservation of capital.

The Trust is managed by ING Investments, LLC, and distributed by ING Funds distributor, Inc. The Trust and distributor are indirect, wholly-owned subsidiaries of Amsterdam-based ING Group N.V. (NYSE: ING), one of the world's leading financial services companies with operations in over 65 countries. The Trust's operations are based in Scottsdale, Arizona.

Distribution Rates are calculated by annualizing dividends declared during the period (i.e., divide the monthly dividend amount by the number of days in the related month and multiply by the number of days in the fiscal year) and then dividing the resulting annualized dividend by the month-ending NAV (in the case of NAV) or the month-end closing price on the NYSE composite (in the case of Market). The distribution rate is based solely on actual dividends and distributions, which are made at the **discretion** of management. The distribution rate may or may not include all **investment** income, and ordinarily will not include capital **gains**.

Past performance is no assurance of future results. Investment return and principal value of an investment in the Trust will fluctuate. **Shares**, when sold, may be worth more or less than their original cost. The loans in which the Trust invests are subject to credit risks and the potential for non-payment of scheduled principal or interest payments which may result in a reduction of the Trust's NAV.

For more complete information about the Trust, contact ING Prime Rate Trust at the address above to request a prospectus which contains more complete information on all charges, fees and expenses. Please read the prospectus carefully before investing or sending money.

If you would like to receive this press release via email, please contact Stacey Parker at Stacey.parker@ingfunds.com.

Publisher Name: Business Wire
Industry Names: BUS (Business, General); BUSN (Any type of business)

69/9/15 (Item 15 from file: 20)

25191784
Merrill Lyh Jap Enh - Interim Results

Merrill Lynch Japan Enhanced Performance Plc

NEW RNS
September 27, 2002
Journal Code: WRNS **Language:** English **Record Type:** FULLTEXT
Word Count: 5011

Unaudited Financial Statements
For the six months ended 30 June 2002

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General Information
Directors Peter Blessing(Irish) Bernard Hoey (Irish)
Roger McGreal (Irish)
Company Secretary and Goodbody Secretarial Limited Registered Office 25/28 North Wall Quay Dublin 1
Distributor and Sponsor Merrill Lynch International Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ England
Investment Manager Merrill Lynch Investment Managers Limited.
33 King William Street London EC4R 9AS England
Administrator Citibank Ireland Financial Services plc 1 North Wall Quay Dublin 1 Ireland
Registrar, Transfer Agent and Computershare Investor Services (Ireland) Limited Irish Paying Agent Heron House Corrig Road Sandyford Industrial Estate Dublin 18
UK Transfer and Computershare Services plc Paying Agent The Pavillions Bridgewater Road Bristol BS99 7NH England
Custodian Citibank International plc, Ireland Branch
1 North Wall Quay Dublin 1 Ireland
Sponsoring Broker J. & E. Davy (Ireland) 49 Dawson Street Dublin 2 Ireland
Sponsoring Broker (London) Merrill Lynch International Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ England
General Information continued
Irish Legal Advisers A & L Goodbody
Solicitors International Financial Services Centre North Wall Quay Dublin 1 Ireland
UK Legal Advisers Allen & Overy
One New Change London EC4M 9QQ England
Auditors PricewaterhouseCoopers Chartered Accountants & Registered Auditors George's Quay Dublin 2 Ireland
Company Background
Merrill Lynch Japan Enhanced Performance Plc ("The Company") has been established as a closed-ended investment company, with variable capital, incorporated on 22 June 2000 with limited liability under the laws of Ireland. The Company has issued two classes of **Shares**, the Accelerated Growth **Share** class and the Reduced Risk

Share class, each of which represents interests in a defined portfolio of assets and liabilities established as a sub-fund of the Company.

The investment objective of the Company is to provide defined returns to investors on the two classes of **Shares** based on the performance of the Topix Index (the "index"). The Index is a capitalisation weighted Index of all the companies listed on the First Section of the Tokyo Stock Exchange, and as such is a broad based measure of the performance of the top Japanese companies. The characteristics of both classes of **Shares** are described below.

The Accelerated Growth **Shares** are designed to offer enhanced participation in the growth performance of the Index while exposing investors to falls in the Index. In the event that the Index rises over the Planned Life of the Company, an investor's entitlement on winding up shall be equivalent to (i) 100% of their Net Investment per Accelerated Growth **Share** PLUS (ii) 1.65% of their Net Investment per Accelerated Growth **Share** for each 1% increase in the level of the Index. In the event that the Index falls over the Planned Life of the Company, an investor's entitlement on winding up shall be equivalent to (i) 100% of their Net Investment per Accelerated Growth **Share** LESS (ii) 1% of their Net Investment per Accelerated Growth **Share** for each 1% decrease in the level of the Index. The expected exit date is the 14 August 2006.

The Reduced Risk **Shares** are designed to offer a level of capital protection in the event of a fall in the Index while exposing investors to increases in the level of the Index. In the event the Index rises over the Planned Life of the Company, an investor's entitlement on winding up shall be equivalent to (i) 100% of their Net Investment per Reduced Risk **Share** PLUS (ii) 1% of their Net Investment per Reduced Risk **Share** for each 1% increase in the level of the Index. In the event the Index falls over the Planned Life of the Company, an investor's entitlement on winding up shall be equivalent to 100% of their Net Investment per Reduced Risk **Share**.

No dividends are intended to be paid on either class of **Share** throughout the planned life of the Company.

In order to achieve the desired characteristics of each class of **Share**, the Company invested approximately 90% of the gross **proceeds** of the Offer in a portfolio of Sterling Instruments. The Company has also entered into Swap and Option Transactions with Merrill Lynch International as the counterparty. The purpose of the Swap and Option Transactions will be to enable the Company to match more efficiently the cash flows on the portfolio to the payments intended to be made under the investment objectives of the Company.

The Company commenced trading on 14 August 2000 and has a planned life of six years. The Company is listed on the Irish Stock Exchange and the London Stock Exchange.

Investment Manager's Report for the period ended 30 June 2002

Reduced Risk **Shares** Net Asset Value

On 30 June 2002, the closing level of the Topix Index was 1024.89 a decline of 31.4% from the level of the index on the investment date 14 August 2000. The Topix Index has however declined by 0.7% since 1st January 2002. The Net Asset Value per **share** of the Reduced Risk **Shares** on 30 June 2002 was GBP #0.804, a decline of 15.4%, (relative to an initial Net Asset Value of GBP #0.95) since inception.

The Net Asset Value of the Reduced Risk **Shares** has outperformed the Topix Index since inception, primarily due to the fact that the Reduced Risk **Shares** are designed to offer a level of capital protection in the event of a fall in the Index. Nonetheless the Net Asset Value of the Reduced Risk **Shares** has declined, primarily as a result of the decline in the level of the Topix Index.

On 30 June 2002 the closing **share** price for the Reduced

Risk **Shares** was GBP #0.8151, representing a premium of 1.4% to the prevailing Net Asset Value.

Accelerated Growth **Shares** Net Asset Value

On 30 June 2002, the closing level of the Topix Index was 1024.891, a decline of 31.4% from the level of the index on the investment date 14 August 2000. The Net Asset Value per **share** of the Accelerated Growth **Shares** on 31 December 2001 was GBP #0.5492, a decline of 42.2% (relative to an initial Net Asset Value of GBP #0.95) over the same period. The Net Asset Value of the Accelerated Growth **Shares** has fallen over the period between launch and 30 June 2002 primarily as a result of the decline in the level of the Topix Index.

On 30 June 2002 the closing **share** price for the Accelerated Growth **Shares** was GBP #0.5551 per **share**, representing a premium of almost 1.1% to the prevailing Net Asset Value.

Investment Manager's Report for the period ended 30 June 2002(Continued)

Market Review

The Topix Index has declined by 0.7% for the half year to end-June 2002. After a weak start in January, the market rallied from March through to May reflecting the introduction of short-term government measures to shore up the market ahead of the fiscal year end in March, and more fundamentally, the gearing of Japan in expectation of a global economic recovery. The result was significant rises in certain domestic focused sectors as well as **shares** of a cyclical nature. Towards the end of the second quarter, as global concern shifted towards US financial markets, the weakness of the US dollar and the concomitant sharp decline in US equity markets saw the Japanese market give back some of its earlier **gains**

Market Outlook

We believe that the Japanese economy is in the early stages of recovery from the latest in a series of rolling recessions, each downturn being deeper and more painful than the last.

Japan's economy is characterised by a sharply recovering export sector and weak domestic sector. We believe that the former is likely to be dominant over the next year, briefly lifting economic growth back into positive territory. Japan's industrial sector is highly geared into the global trade cycle. Indeed, since the trough in November, Japanese industrial production has risen by 2.5% (7.5% annualised) as exports have surged. Recent leading indicators, including the Shoko-Chukin small business confidence survey, have turned up rapidly. Meanwhile, underlying domestic economic conditions continue to deteriorate. Employment is in secular decline, with increasing numbers of discouraged workers leaving the labour force. Wages are falling in both nominal and real terms, retail sales are slumping and deflation is intensifying. Capacity utilisation is at record lows and bankruptcies are steadily rising. The banking sector remains crippled by high non-performing loans and low capital adequacy. Lending is slowly contracting. These trends do not bode well for Japan when the temporary lift from the global trade cycle reverses The Bank of Japan appears to have run out of policy options. The money base has risen by 36% over the last year and this increase will likely remain open. The economic implications of this policy are likely to be minimal without a substantial decline in the yen. Meanwhile, the government continues to shy away from radical reform, with improving near term growth prospects contributing to a return of complacency. The fiscal situation is out of control, limiting the scope for any fiscal stimulus but we believe a funding crisis is not imminent.

The Investment Manager

Merrill Lynch Investment Managers Limited

July 2002

Reduced Risk Portfolio

Schedule of Investments as at 30 June 2002 Fund Value % Holding Investments GBP of Fund

Sterling Instruments 360,000 Bank of Scotland Floating Rate Note 11 August 2006 359,100 22.32% 360,000 Northern Rock plc Floating Rate Note 11 August 2006 358,272 22.27% 360,000 Alliance & Leicester Group Treasury Guaranteed 358,128 22.26% Floating Rate Note 11 August 2006 360,000 Bradford & Bingley Floating Rate Note 11 August 2006 358,128 22.26% 360,000 Yorkshire Building Society Floating Rate Note 11 August 2006 358,416 22.28% 1,792,044 111.39% 2,000,000 Swap and Option Transaction - exercise date 11 August 2006 - strike level of Topix Index 1493.43 (224,800) (13.97)%

Total Value of Investments (Cost GBP 1,850,029) 1,567,244 97.42%

Cash 41,156 2.56% Net Current Assets 572 0.02%

Total Value of Fund 1,608,972 100.00%

Accelerated Growth Portfolio

Schedule of Investments as at 30 June 2002 Fund Value % Holding Investments GBP of Fund Sterling Instruments 5,040,000 Bank of Scotland Floating Rate Note 11 August 2006 5,027,400 32.71% 5,040,000 Northern Rock plc Floating Rate Note 11 August 2006 5,015,808 32.63% 5,040,000 Alliance & Leicester Group Treasury Guaranteed 5,013,792 32.62% Floating Rate Note 11 August 2006 5,040,000 Bradford & Bingley Floating Rate Note 11 August 2006 5,013,792 32.62% 5,040,000 Yorkshire Building Society Floating Rate Note 11 August 2006 5,017,824 32.65% 25,088,616 163.23% 28,000,000 Swap and Option Transaction - exercise date 11 August 2006 - strike level of Topix Index 1493.43 (10,304,000) (67.04)%

Total Value of Investments (Cost GBP 25,900,037) 14,784,616 96.19%

Cash 577,145 3.76% Net Current Assets 8,038 0.05%

Total Value of Fund 15,369,799 100.00%

Accelerated Reduced 30 June 30 June 2002 2001 Growth Risk Total Total Note GBP GBP GBP GBP Income Interest Income 1(b) 4,590 327 4,917 11,439 Income on medium term 506,442 36,174 542,616 767,831 notes Less: Payments under "Swap and Option" 1 (510,726) (36,480) (547,206) (811,917) transaction 306 21 327 (32,647) Expenditure

Operating 4 68,658 4,906 73,564 74,384 expenses 68,658 4,906 73,564 74,384

Net losses on Investment (68, 352) (4,885) (73,237) (107,031) activities

Net change in Unrealised (307,775) 17,415 (290,360) (860,060) (losses) / **gains**

Retained (Loss) / Gain for (376,127) 12,530 (363,597) (967,091) the period

There are no recognised **gains** or losses for the year other than those set out in the above Statement of Operations. Net investment income arose solely from continuing operations. The accompanying notes form an integral part of the financial statements.

Statement of Assets and Liabilities

As at 30 June 2002 Accelerated Reduced 2002 2001 Growth Risk Total Total Note GBP GBP GBP GBP Assets Investments 3 14,784,616 1,567,244 16,351,860 21,216,820 Cash 12 577,145 41,156 618,301 766,692 Debt Interest 130,394 9,314 139,708 179,665 Receivable 15,492,155 1,617,714 17,109,869 22,163,177 Liabilities Accrued expenses 4 (122,356) (8,742) (131,098) (131,507) Net Assets 30 June 2002 15,369,799 1,608,972 16,978,771 22,031,670 Number of **shares** in 2 28,000,000 2,000,000 issue Net Asset Value per 10 GBP 0.549 GBP 0.804 **Share**

The accompanying notes form an integral part of the financial statements

Statement of Changes in Net Assets For the six months ended 30 June 2002 Accelerated Reduced 30 June 2002 30 June 2001 Growth Risk Total Total GBP GBP GBP GBP From Operations: Net Investment Income (68,352) (4,885) (73,237) (107,031) Net Unrealised Loss on Investments (307,775) 17,415 (290,360) (860,060) Net Decrease in Net Assets resulting from Operations (376,127) 12,530 (363,597) (967,091) From Financing: Issue of **shares** 0 0 0 0 Net Increase in Assets resulting from Financing 0 0 0 0 Total Increase in Net Assets (376,127) 12,530 (363,597) (967,091)

Net Assets at beginning of the 15,745,925 1,596,441 17,342,366 22,998,761 year Net Assets at end of the year 15,369,799 1,608,971 16,978,770 22,031,670

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Significant Accounting Policies

a) Basis of Accounting and Presentation of Financial Statements

These financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The Financial Statements are prepared under the historical cost convention as modified to include investments at valuation.

The **Profit** & Loss Account is referred to as the Statement of Operations and the Balance Sheet as the Statement of Net Assets.

The format and certain wordings of the financial statements has been adapted from those contained in the Companies Act, 1986 and FRS 3 "Reporting Financial Performance" so that, in the opinion of the directors, they more appropriately reflect the nature of the Company's business as an investment fund.

b) Interest Income

Interest Income is recognised on an accruals basis.

c. Valuation of Investments

Sterling Instruments

The Company invests in a number of Sterling Instruments comprising medium term notes issued by a financial institution that has a rating of at least A-, as determined by Standard & Poor's and/or Moody's Investor Service Inc. These Securities are valued on the basis of market prices prevailing at the balance sheet date. The "unrealised **gains**/losses" resulting from the marking to market of these investments is reflected in the Statement of Operations. It is the intention of the Fund to hold these investments until the Exit Date i.e. 14th August 2006 and consequently to date there has been no sale of investments.

Swap and Option Transactions

The Swap and Option Transactions (the "transactions") represent "over the counter" trades and are valued by the relevant counterparty, Merrill Lynch International, at a market value based on various criteria, which reflects prevailing market conditions. This valuation is provided to and relied upon by the Board of Directors as being a fair value of the transactions.

As the transactions are not readily marketable, in order to verify the valuation provided by the counterparty under the terms of the Prospectus, the Directors are required to have the swap and option transactions valued monthly by a party independent of the counterparty, who is approved for such purpose by the Custodian. The Directors on a monthly basis have obtained a quotation from Merrill Lynch Investment Managers ("MLIM"). The Custodian has approved MLIM and the Board is satisfied that MLIM is independent of Merrill Lynch International.

The initial premium paid on the "Swap and Option Transaction" represents the cost of the transaction to the fund. The resulting unrealised gain or loss is included in unrealised appreciation of Investments in the Statement of Operations.

Merrill Lynch International is the counterparty to the Swap and Option Transactions as at

30 June 2002.

1. **Share** Capital

Authorised

The Company has an authorised **share** capital of 500,000,000 participating **shares** of no par value and two subscriber **shares** of GBP 1.00 each.

Subscriber **shares**

Subscriber **shares** issued amount to GBP 2.00, being 2 subscriber **shares** of GBP 1.00 each, fully paid. The subscriber **shares** do not form part of the net asset value of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

Participating **shares**

The issued participating **share** capital is at all times equal to the net asset value of the Company. The participating **shares** are in substance equity **shares**.

Issued **Share** Capital

Accelerated Reduced Risk Total Growth **Shares** **Shares** Number Number Number

Shares in issue at 1 January 2002 28,000,000 2,000,000 30,000,000 ======= ======= =======

Shares in issue at 30 June 2002 28,000,000 2,000,000 30,000,000 ======= ======= =======

There has been no movement in the issued **share** capital for the period under review.

Those with a holding of 10% and over as at 30 June 2002 are as follows:

Accelerated Growth **Shares**

Bank of New York (Nominees) Limited 6,149,000 1 Canada Square London E14 5AL

Merrill Lynch International 9,898,320 PO box 293 20 Farringdon Road London EC1M 3NH

Computershare Company (Nominees) Limited 3,212,652 PO Box 1169, The Pavilions Bridgewater Road Bristol BS99 2LX

Reduced Risk

HSBC Global Custody Nominee (UK) Limited 250,000 Mariner House, London

N Y (Nominees) Limited 296,000 PO Box 293 20 Farrington Road London EC1M 3NH

Merrill Lynch International 242,512 PO box 293 20 Farringdon Road London EC1M 3NH

Computershare Company (Nominees) Limited 330,000 PO Box 1169, The Pavilions Bridgewater Road Bristol BS99 2LX

2. Investments

Accelerated Growth Reduced Risk Total Total **Shares** **Shares** 2002 2001 GBP GBP GBP GBP

Market Value at start of period 15,092,392 1,549,828 16,642,220 22,076,880

Unrealised movement on revaluation (307,775) 17,416 (290,359) (860,060)

Market Value at end of period 14,784,616 1,567,244 16,351,860 21,216,820

Swap and Option Transactions

The Company entered into swap and option transactions (the "Swap and Option Transactions") for the sub-funds comprising each of the Accelerated Growth **Shares** and the Reduced Risk **Shares**. The purpose of the Swap and Option Transactions is to enable the Company on behalf of each sub-fund to match more efficiently the cash flow on the Portfolio to the payments intended to be made under the investment objectives of the Company and each sub-fund and also to generate part of the Capital Return to Shareholders following the Exit Date.

The Company's ongoing cash payment obligations under the Swap and Option Transaction will be equal to the aggregate interest received from the holding of Sterling Instruments. The obligations arising from the

"Swap and Options Transaction" are as follows:

Accelerated Growth

The fund is obligated to pay the following;

GBP 700,000 initial premium and payment of the quarterly interest payments on the Sterling Instruments.

On the exit date (14/08/2006) if the TOPIX index falls, 1.0% of Net Investment per Accelerated Growth **Share** for each 1% decrease in the level of the TOPIX index

The counterparty is obliged to pay the following;

GBP 1,400,000 (5% issue price) on Exit date and if the TOPIX index rises, 1.65% of the Net Investment per Accelerated Growth **shares** for each 1% increase in the level of the TOPIX Index.

Reduced Risk

The fund is obligated to pay the following;

Initial premium payment of GBP 50,000 and quarterly interest payments on the Sterling Instruments.

The Counterparty is obligated to pay the following;

GBP 100,000 on the Exit date and if the TOPIX Index rises, 1.0% of Net Investment per Reduced Risk **Share** for each 1% increase in the level of the TOPIX Index.

4. Fees and Expenses

The Company entered into a Distribution and Sponsorship Agreement with the Sponsor and Distributor whereby the Sponsor and Distributor agreed (i) to promote the **Shares** and procure subscribers for the **Shares**, and (ii) to discharge all of the formation and issue costs of the Company, including registration fees, printing costs, legal and accounting fees and marketing and distribution expenses. Under the Sponsorship and Distribution Agreement the Company paid to the Sponsor and Distributor an initial fee of 2% of the issue price of the **shares**.

A commission of 3% of the Issue Price of the **Shares** was paid to authorised intermediaries by the Distributor and Sponsor who were reimbursed by the Company. Following payment of the initial fees and the commission expenses, an investor's net investment in either the Accelerated Growth **Shares** or the Reduced Risk **Shares** was 95% of the issue price of the **shares**.

The Distributor and the intermediary expenses were fully discharged in the prior period.

The Company has entered into Distribution and Sponsorship, Investment Management, Custodian, Administration, Registrar and Paying Agency Agreements with authorised entities in Ireland and the United Kingdom.

Under the Distribution and Sponsorship Agreement, the Distributor and Sponsor has agreed to discharge the costs of these agreements, together with the legal, secretarial, auditing and other professional expenses of the Company incurred throughout its Planned Life, for which the Company will pay a capped annual fee of up to 0.5% of the issue price (GBP 1 per **share**) of the **shares** to the Distributor and Sponsor.

In the event that the Distributor and Sponsor fail to make payment on behalf of the Company, the Company shall remain liable for all sums due under the agreements. The charge for the year and the amount due at the period are shown in the Statement of Operations and the Statement of Assets and Liabilities respectively.

5. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Acts, 1997, as amended. It is not chargeable to Irish tax on its income and **gains**.

However, tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of **shares**. No tax will arise on the Company in respect of chargeable events in respect of:-

(i) a shareholder who is not Irish resident and not ordinarily resident in Ireland for tax purposes at the time of the chargeable event,

provided the appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Acts, 1997, as amended, are held by the company and, dividends, interest and capital **gains** (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investments income/ **gains** are received and such taxes may not be recoverable by the Company or its shareholders.

(ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital **gains** (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investments income / **gains** are received and such taxes may not be recoverable by the Company or its shareholders.

6. Dividends

No dividend was paid or proposed for the year under review.

7. Commitments and Contingent Liabilities

The risks associated with all Growth **shares** and Reduced Risk **shares** are as outlined in note 3.

8. Directors' and Auditors' Remuneration

The Articles of Association provide that the Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors. The aggregate amount of the Directors' remuneration in any one year shall not exceed GBP 8,000.

The Directors waived their right to receive any remuneration from the Company during the period.

The remuneration of the Directors and Auditors is borne by the Sponsor and Distributor in accordance with the Prospectus.

9. Portfolio Changes

There were no portfolio changes during the period.

10. Net Asset Value ('NAV') Per **Share**

30 June 2002 31 December 2001 31 August 2000 14 August 2000 (after launch) (launch)

Accelerated Growth GBP 0.549 GBP 0.560 GBP 0.960 GBP 1.000

Reduced Risk GBP 0.804 GBP 0.800 GBP 0.950 GBP 1.000

11. Soft Commission Arrangements

There were no soft commission arrangements in place during the year ended 30 June 2002.

12. Cash

All monies of the Funds are held with Citibank N.A. in the name of Citibank International plc, Ireland Branch as Custodian of the relevant funds.

13. Financial Instruments and Derivatives

In pursuing their investment objective, as set out on page 5, the Company invests in securities with the aim of spreading investment risk.

Investments in securities and derivatives expose the Company to various risks, including market price, interest rate, liquidity and credit risks. A description of the specific risks and the policies for managing these risks are included below. The securities in which the funds may invest must generally be quoted or dealt in, on a regulated market approved by the Central Bank of Ireland or as provided for in the Articles of Association. An analysis of these types of securities held at the period end is contained in the Schedule of Investments. It is not proposed to borrow or leverage in respect of the Company.

Market Price Risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company may suffer through holding market positions in the face of price movements. In the case of this Company, market risk will be significant, but is negated through the Company entering a swap and option transaction as set out in the accounting policies.

Interest Rate Risk

Where the Company invests in interest paying securities, it is exposed to interest rate risk where the value of these securities may fluctuate as a result of a change in interest rates. This risk is negated through the Company entering into a swap and option transaction as set out in the accounting policies. The interest rate profile of the financial assets, excluding cash and short-term debtors and creditors, in the portfolios as at 30 June 2002 was:

Accelerated Growth **Shares** 30 June 2002 Floating Rate Floating Rate Financial Financial Assets Floating Rate Fixed Rate Assets Weighted Avg Total Financial Interest Weighted Avg Period for which Assets Assets Interest Rate Rate is floating GBP GBP GBP % yrs

25,035,192 25,035,192 0 3.98 4.62 25,035,192 25,035,192 0 3.98 4.62

13. Financial Instruments and Derivatives (continued)

Reduced Risk **Shares** 30 June 2002

Floating Rate Floating Rate Financial Financial Assets Floating Rate Fixed Rate Assets Weighted Avg Total Financial Interest Weighted Avg Period for which Assets Assets Interest Rate Rate is floating GBP GBP GBP % yrs

1,792,044 1,792,044 0 4.20 4.12 1,792,044 1,792,044 0 4.20 4.12

Foreign Exchange Risks

The net assets of the Company are denominated in sterling, the base currency of the Company, hence no exposure to foreign currency risk arises.

Liquidity Risk

The Company's assets comprise mainly of UK issued medium term notes and a swap and option transaction with Merrill Lynch International as the Counterparty. These assets are due to mature on or before the exit date, 14 August 2006.

Credit Risk

The Company will be exposed to a credit risk on the parties with whom it trades and will also bear the risk of settlement default. The Company minimises credit risk by undertaking transactions with financial institutions that have received a credit rating of at least A- from Standard & Poor's and/or Moody's Investor Service Inc.

Fair value of financial assets and financial liabilities

All of the financial assets and liabilities of the Company are held at fair value.

14. Significant Agreements and transactions with related parties

The following agreements have been entered into by the Company with related parties;

The Investment Management Agreement

Investment Management Agreement dated 11 July 2000 between the Company and Merrill Lynch Investment Managers Ltd under which Merrill Lynch Investment Managers Ltd has been appointed as the Investment Manager of the investments and assets of the Company and will provide the investment management services required by the Company. In providing these services the **Investment** Manager is granted a wide **investment discretion** but will be subject to the overall supervision of the Directors.

The Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by either party, giving to the other not less than 90 days notice, although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other; the Agreement also contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters arising by reason of the negligence, fraud or wilful default of the Investment Manager in the performance of his duties.

The Distribution and Sponsorship Agreement

A Distribution Agreement dated 11 July, 2000 between the Company and Merrill Lynch International under which Merrill Lynch International has been appointed as Distributor to distribute the **Shares** in the Company in the United Kingdom.

The Distribution Agreement provides that the appointment of the Distributor will continue in force unless and until terminated by either party, giving to the other not less than ninety days written notice, although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other. The Agreement contains certain indemnities in favour of the Distributor, which are restricted to exclude matters arising by reason of negligence or wilful default or from a material breach of the Distributor and Sponsor's obligations under this Agreement. Amounts payable to the Distributor at period end can be seen on the face of the balance sheet.

Swap and Option transactions

The Counterparty to the "Swap and Option Transactions" is Merrill Lynch International. Details of the transaction are set out in note 3. The payments for the period and the amounts due at the end are shown in the Statement of Operations and the Statement of Assets and Liabilities respectively.

15. Cross Liability

The assets of each Sub Fund may be exposed to the liability of other Sub-Funds within the Company. At 30 June 2002, the Directors are not aware of any such existing or contingent liability.

16. Financial Statements

These financial statements are unaudited.

This information is provided by RNS The company news service from the London Stock Exchange

Company Names: Merrill Lynch & Co Inc
Descriptors: Company News; Marketing; New Products & Services; Report & Accounts; Results
Country Names/Codes: Japan (JP)
Regions: Asia
SIC Codes/Descriptions: 6211 (Security Brokers & Dealers)
Naics Codes/Descriptions: 52311 (Investment Banking & Securities Dealing)

69/9/16 (Item 16 from file: 20)
25191595
Merrill LynchDefined - Interim Results - Replacement

The following replaces the Interim Results announcement released on 26 September The following tables were omitted from the original announcement: Statement of Schedule of Investments for the Merrill Lynch Defined Income & Growth Plc.

NEW RNS
September 27, 2002
Journal Code: WRNS **Language:** English **Record Type:** FULLTEXT
Word Count: 5696

All other details remain unchanged. The full amended text appears below.

Merrill Lynch Defined Income & Growth Plc

Unaudited Financial Statements

For the six months ended 30 June 2002

Table of Contents

General Information

Directors Peter Blessing(Irish) Bernard Hoey (Irish) Roger McGreal (Irish) Ugo Giordano (Italian)

Company Secretary and Goodbody Secretarial Limited Registered Office 25/28 North Wall Quay Dublin 1

Distributor and Sponsor Merrill Lynch International Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ England

Investment Manager Merrill Lynch Investment Managers Limited 33 King William Street London EC4R 9AS England

Administrator Citibank Ireland Financial Services plc 1 North Wall Quay Dublin 1 Ireland

Registrar, Transfer Agent and Computershare Irish Paying Agent Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18

UK Transfer and Computershare Services plc Paying Agent The Pavillions Bridgewater Road Bristol BS99 7NH

England

Custodian Citibank International plc, Ireland Branch 1 North Wall Quay Dublin 1 Ireland

Sponsoring Broker J. & E. Davy (Ireland) 49 Dawson Street Dublin 2 Ireland

Sponsoring Broker Merrill Lynch International (London) Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ England

General Information (continued)

Irish Legal Advisers A & L Goodbody Solicitors International Financial Services Centre

North Wall Quay Dublin 1 Ireland

UK Legal Advisers Allen & Overy One New Change London EC4M 9QQ England

Auditors PricewaterhouseCoopers Chartered Accountants and Registered Auditors George's Quay Dublin 2 Ireland

Company Background

Merrill Lynch Defined Income & Growth Plc ("the Company") is an umbrella investment company with variable capital incorporated on 25 October 2000 under the laws of Ireland and authorised under Part XIII of the Companies Act, 1990, as a designated closed-ended investment company pursuant to Section 256 of that Act. The Company has issued two classes of **shares** (the "**Shares**"), namely the Income **Shares** and the Zero **Shares**, whose performance will depend upon the **share** price performance of a portfolio of 30 companies ("Underlying Stocks"). Each class of **Shares** represents a separate portfolio of assets, each a sub-fund, also, each **share** class will invest approximately 90% of the gross **proceeds** in a portfolio of sterling instruments.

The investment objective of the Company is to provide defined income and returns to investors in the two classes of **Shares** based on the **share** price performance of the Underlying Stocks, as outlined in the prospectus.

The 30 Underlying Stocks, as detailed in the Prospectus, comprise some of the largest and most liquid companies in the world and are split across eight broad industry sectors.

The Income **Shares** are designed to offer a fixed dividend of GBP 9.25 pence per Income **Share** per annum payable in four quarterly instalments and to return a capital amount at the end of the Planned Life of the Company of GBP 100 pence, subject to the **share** price performance of the Underlying Stocks. A fall in the value of one or more of the Underlying Stocks of more than 10% over the Planned Life of the Company will result in the Income **Shares** being repaid at a level lower than the anticipated Income **Share** Capital Return of GBP 100 pence per Income **Share**. If, in respect of any of the Underlying Stocks, the Final Stock Level is lower than 90% of its Initial Stock Level, the Income **Share** Capital Return will be reduced by GBP 0.03704 pence for each 1% that the relevant Final Stock Level is below 90% of the relevant Initial Stock Level. No reduction in the Income **Share** Capital Return will be incurred for any Underlying Stock whose Final Stock Level has fallen by 10% or less and there will be no increase in the **Share** Capital Return for any Underlying Stock whose Final Stock Level is greater than its Initial Stock Level.

The Zero **Shares** are designed to offer investors a fixed return per Zero **Share** at the end of the Planned Life of the Company of GBP 130.40 pence, subject to the **share** price performance of the Underlying Stocks. The Zero **Shares** will not pay dividends. A fall in the value of one or more of the Underlying Stocks of more than 20% over the Planned Life of the Company will result in the Zero Dividend **Shares** being repaid at a lower level than the anticipated capital entitlement of GBP 130.40 pence per Zero **Share**. If, in respect of any of the Underlying Stocks, the Final Stock Level is lower than 80% of its Initial Stock Level, the Zero **Share** Capital Return will be reduced by GBP 0.05433 pence for each 1% that the relevant Final Stock Level is below 80% of the relevant Initial Stock Level. No reduction in the Zero **Share** Capital Return will be incurred for any Underlying Stock whose Final Stock Level has fallen by 20% or less and there will be no increase for any Underlying Stock whose Final Stock Level is greater than its Initial Stock Level.

The capital risk to the Income and Zero **Shares** as a result of the linkage to the Underlying Stocks is not the same as linkage to an index comprising the Underlying stocks. Positive movements in one or more of the Underlying Stocks will not compensate for falls in the Underlying Stocks, which would normally be the case for an index.

The Company invested approximately 90% of the gross **proceeds** of the Offer in a portfolio of Sterling Instruments. This is to achieve the desired characteristics of each class of **share**, as noted above. The Company has also entered into Swap and Option Transactions with Merrill Lynch International as the counterparty. The purpose of the Swap and Option Transactions is to enable the Company to match more efficiently the cash flows on the portfolio to the payments intended to be made under the investment objectives of the Company.

The Company is listed on the Irish Stock Exchange and the London Stock Exchange.

Investment Manager's Report for the period ended 30 June 2002

General

The gross **proceeds** of the issue closing on 6 December 2000 were #40 million, represented by 27.50 million Zero **Shares** and 12.50 million Income **Shares**.

Following payment of the initial fees and commission expenses the net investment in both Income and Zero **Shares** was 96% of the issue price of the **Shares**. The net **proceeds** of the offer were invested on 14 December 2000 in accordance with the investment policies set out in the Prospectus.

For each class of **Share**, the net **proceeds** of the

offer were invested in a portfolio of medium term notes and an "over-the-counter" swap and option.

Zero **Shares** Net Asset Value

The Net Asset Value per **share** of the Zero **Shares** on 30 June 2002 was GBP #0.843, a decline of 12.2% (relative to an initial Net Asset Value per **Share** of #0.96) since inception (15 December 2000). Of the initial 30 stocks, 20 are below 80% of their initial value as at close of business on 30 June 2002. The stocks most affected are Worldcom Group, France Telecom SA, Deutsche Telekom, Cisco Systems Inc and Vivendi Universal. Consequently, the unrealised loss on capital is 34.5 pence (on the basis of 0.05433 pence for each 1% the stock is below 80% from the initial price level).

On 30 June 2002 the closing **share** price for the Zero **Shares** was GBP #0.882,

representing a premium of 4.4 % to the prevailing Net Asset Value.

Income **Shares** Net Asset Value

The Net Asset Value per **share** of the Income **Shares** on 30 June 2002 was GBP #0.7411, a decline of 22.8% (relative to an initial Net Asset Value per **Share** of #0.96) over the same period. Of the initial 30 stocks, 21 are below 90% of their initial value as at close of business on 30 June 2002. The stocks most affected are Worldcom Group, France Telecom SA, and Deutsche Telekom, Cisco Systems Inc and Vivendi Universal. Consequently, the unrealised loss on capital is 31.0 pence (on the basis of 0.03704 pence for each 1% the stock is below 90% from the initial price level).

On 30 June 2002 the closing **share** price for the Income **Shares** was GBP #0.772,

representing a premium of almost 3.9% to the prevailing Net Asset Value.

Investment Manager's Report for the period ended 30 June 2002(Continued)

Market Review

US stockmarkets remained excessively volatile during the first half of 2002, the period being dominated by concerns over accounting standards and alleged fraudulent practices in some of the country's largest companies. The aftermath of Enron's collapse in the first quarter and the WorldCom scandal in late June effectively framed a harrowing time for US equities, with the major indices all declining significantly over the period (S&P 500 fell 13.2%).

While the US economy showed evidence of recovery during the period, data was neither as strong or consistent as investors would have liked. In addition, there were concerns on whether economic recovery was feeding through to an earnings recovery for the indebted corporate sector. Geo-political concerns also occupied investors, with renewed conflict in the Middle East and the threat of war between India and Pakistan adding to negative sentiment.

Depressed by a number of high profile accounting scares in the US, European equity markets performed poorly during the first half of 2002, the MSCI Europe falling by 14% in euro terms. Most of the damage stemmed from TMT sectors. Technology hardware stocks fell 50% and software stocks 37% during the period, as investors discounted the prospect of continued cutbacks in corporate investment spending. Telecoms companies fared little better (down 40% on average) as worries about excessive debt burdens forced a number of alternative carriers into bankruptcy. Media stocks were off 33%, as hopes of a cyclical recovery in advertising spend were dashed. Insurance companies also fell (down 23%) as markets pushed a number of weaker players close to their regulatory solvency margins.

Market Outlook

US economic growth roared back to life in late 2001 and early 2002. In Q1 this year real GDP surged almost 6% annualised. The recovery was led by an increase in final demand while inventories have subsequently made a huge contribution as companies have raised production to stem the

unexpected decline in stocks.

However, more recent economic data has been mixed leading to renewed concerns

over a fall back in economic growth. In particular, initial claims for unemployment benefit have risen back above the 400,000 level, consumer confidence has dipped in June and money growth has slowed. The recent rise in oil prices has also dampened economic confidence.

While the pace of growth appears to have moderated from its spectacular rate at the start of the year, we believe that a near term return to recession is unlikely. Low interest rates and rising government spending underpin final demand. Orders growth remains robust and business confidence is still high.

A key difference between the Eurozone and US cycle is the amplitude. European growth fell by around 3% from peak to trough in the recent downturn, while US growth fell by 5%. This reflected the smaller role of technology in driving the recent European cycle and the associated smaller impact of destocking on European output.

The amplitude of the European recovery is also likely to be less steep than in the US, at least in the early stages of recovery, due to the more hawkish European Central Bank and the smaller boost to Eurozone output from the end of destocking. We view a near-term decoupling of the Eurozone and US cycles as unlikely as both are being driven by similar factors. Looking further out the main risks of decoupling are through the dollar/euro exchange rate.

Reporting companies are beginning to give more guidance about prospects for 2002 but are still seeing 2003 as impossible to ascertain.

Over the last quarter, our analysts have reduced the anticipated 2002 aggregate growth rate from 12% to 9% for European earnings, mainly through disappointments in the technology, telecoms and basic materials sectors. Importantly, however, we believe a higher level of confidence to this forecast than three months ago, but visibility for 2003 is still very poor. The main driver for the rise in confidence for the earnings forecasts has been the appearance that companies do not want to repeat the excessive optimism mistakes made in 2001.

The low nominal growth and disinflationary economic environment should put pressure on companies to restructure their cost base so that excess capacity does not dilute the recovery of ROE. In the past, structural rigidities in the

Eurozone have restricted these restructuring efforts and these efforts are beginning to wane after picking up in Q4 2001.

The Investment Manager

Merrill Lynch Investment Managers Limited July 2002

Schedule of Investments as at 30 June 2002 Fund Value %

Holding Investments GBP of Fund

Sterling Instruments

2,250,000 Britannia Building Soc Floating Rate Note 15 December 2003 2,248,650 24.27% 2,250,000 Northern Rock Floating Rate Note 15 December 2003 2,247,750 24.26% 2,250,000 Portman Building Society Floating Rate Note 15 December 2003 2,248,425 24.26% 2,250,000 SNS Bank Netherlands Floating Rate Note 15 December 2003 2,247,525 24.26% 2,250,000 Yorkshire Building Society Floating Rate Note 15 December 2003 2,248,425 24.26% 11,240,775 121.31% 12,500,000 Swap and Option Transaction - exercise date 15 December 2003 (2,092,500) (22.60)%

Total Value of Investments (Cost GBP 11,812,536) 9,148,275 98.71%

Cash 135,124 1.50% Net Current Liabilities (19,298) (0.21)%

Total Value of Funds 9,264,101 100.00%

Zero **Shares** Portfolio Schedule of Investments as at 30 June 2002 Fund Value % Holding Investments GBP of Fund

Sterling Instruments

4,950,000 Britannia Building Soc Floating Rate Note 15 December 2003 4,947,030 21.35% 4,950,000 Northern Rock Floating Rate Note 15 December 2003 4,945,050 21.34% 4,950,000 Portman Building Society Floating Rate

Note 15 December 2003 4,946,535 21.34% 4,950,000 SNS Bank Netherlands Floating Rate Note 15 December 2003 4,944,555 21.34% 4,950,000 Yorkshire Building Society Floating Rate Note 15 December 2003 4,946,535 21.34% 24,729,705 106.71% 27,500,000 Swap and Option Transaction - exercise date 15 December 2003 (1,809,500) (7.81)%

Total Value of Investments (Cost GBP 25,987,536) 22,920,205 98.90%

Cash 297,339 1.28% Net Current Assets (42,454) (0.18)%

Total Value of Funds 23,175,090 100.00%

Statement of Operations For the six months ended 30 June 2002 Income Zero 2002 2001 **Shares Shares** Total Total Note GBP GBP GBP GBP Income

Interest Income 1(b) 1,080 2,377 3,457 15,169

Income on medium term notes 226,527 498,359 724,886 1,240,706 Less: Payments under "Swap and Option" 1 (231,869) (510,113) (741,982) (1,040,307) transaction Income under "Swap and Option" 1 578,125 0 578,125 578,125 transaction 573,863 (9,377) 564,486 793,693 Expenditure

Distribution and intermediary fees 4 0 0 0 1,599,928 Operating expenses 4 30,651 67,432 98,083 108,493 Bank Charges 0 0 0 132 30,651 67,432 98,083 1,708,553 Net **gains**/(losses) on Investment 543,212 (76,809) 466,403 (914,860) activities

Net change in Unrealised Losses (1,495,775) (2,699,455) (4,195,230) (1,894,743)

Dividends Paid 6 (578,125) 0 (578,125) (578,125)

Retained Loss for the period (1,530,688) (2,776,264) (4,306,952) (3,387,728)

There are no recognised **gains** or losses for the year other than those set out in the above

Statement of Operations. Net investment income arose solely from continuing operations.

The accompanying notes form an integral part of the financial statements.

Statement of Assets and Liabilities As at 30 June 2002 Income Zero 2002 2001 **Shares Shares** Total Total Note GBP GBP GBP GBP Assets

Investments 3 9,148,275 22,920,205 32,068,480 36,030,630 Cash 12 135,124 297,339 432,463 616,832 Debt Interest 14,435 31,758 46,193 73,303 Receivable 9,297,834 23,249,302 32,547,136 36,720,765

Liabilities

Accrued expenses 4 (33,733) (74,212) (107,945) (108,493)

Net Assets at 31 9,264,101 23,175,090 32,439,191 36,612,272 December 2001

Number of **shares** in 2 12,500,000 27,500,000 issue

Net Asset Value per 10 GBP 0.741 GBP 0.843 **Share**

Statement of Changes in Net Assets For the six months ended 30 June 2002 Income Zero 2002 2001 **Shares Shares** Total Total GBP GBP GBP GBP From Operations:

Net Income/(Expenses) 543,212 (76,809) 466,403 (914,860)

Net Unrealised Losses on (1,495,775) (2,699,455) (4,195,230) (1,894,743) Investments

Dividends Paid (578,125) 0 (578,125) (578,125)

Net Decrease in Net Assets resulting from Operations (1,530,688) (2,776,264) (4,306,952) (3,387,728)

From Financing:

Issue of **shares** 0 0 0 40,000,000

Net Increase in Assets resulting from Financing 0 0 0 40,000,000

Total (Decrease) / Increase in (1,530,688) (2,776,264) (4,306,952) 36,612,272 Net Assets

Net Assets at beginning of the 10,794,789 25,951,354 36,746,143 0 period

Net Assets at end of the period 9,264,101 23,175,090 32,439,191 36,612,272

The accompanying notes form an integral part of the financial

statements.

Notes to the Financial Statements

1. Significant Accounting Policies

a) Basis of Accounting and Presentation of Financial Statements

These financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The Financial Statements are prepared under the historical cost convention as modified to include investments at valuation.

The **Profit** & Loss Account is referred to as the Statement of Operations and the Balance Sheet as the Statement of Net Assets.

The format and certain wordings of the financial statements has been adapted from those contained in the Companies Act, 1986 and FRS 3 "Reporting Financial Performance" so that, in the opinion of the directors, they more appropriately reflect the nature of the Company's business as an investment fund.

b) Interest Income

Interest Income is recognised on an accruals basis.

c. Valuation of Investments

Sterling Instruments

The Company invests in a number of Sterling Instruments comprising medium term notes issued by a financial institution that has a rating of at least A-, as determined by Standard & Poor's and/or Moody's Investor Service, Inc. These Securities are valued on the basis of market prices prevailing at the balance sheet date. The "unrealised **gains**/losses" resulting from the marking to market of these investments is reflected in the Statement of Operations. It is the intention of the Fund to hold these investments until the Exit Date i.e. 15th December 2003 and consequently to date there has been no sale of investments.

Swap and Option Transactions

The Swap and Option Transactions (the "transactions") represent "over the counter" trades and are valued by the relevant counterparty, Merrill Lynch International, at a market value based on various criteria, which reflects prevailing market conditions. This valuation is provided to and relied upon by the Board of Directors as being a fair value of the transactions.

As the transactions are not readily marketable, in order to verify the valuation provided by the counterparty under the terms of the Prospectus, the Directors will haveare required to have the swap and option transactions valued monthly by a party independent of the counterparty, who is approved for such purpose by the Custodian. The Directors on a monthly basis have obtained a quotation from Merrill Lynch Investment Managers ("MLIM"). The Custodian has approved MLIM and the Board is satisfied that MLIM is independent of Merrill Lynch International.

The initial premium paid on the "Swap and Option Transaction" represents the cost of the transaction to the fund. The resulting unrealised gain or loss is included in unrealised appreciation of Investments in the Statement of Operations.

Merrill Lynch International is the counterparty to the Swap and Option Transactions as at 30 June 2002.

Notes to the Financial Statements (Continued)

1. **Share** Capital

Authorised

The Company has an authorised **share** capital of 500,000,000 participating **shares** of no par value and two subscriber **shares** of GBP 1.00 each.

Subscriber **shares**

Subscriber **shares** issued amount to GBP 2.00, being 2 subscriber **shares** of GBP 1.00 each, fully paid. The subscriber **shares** do not form part of the net asset value of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

Participating **shares**

The issued participating **share** capital is at all times equal to the net asset value of the Company. The participating **shares** are in substance equity **shares**.

Issued **Share** Capital

Income **Shares** Zero **Shares** Total Number Number Number

Shares issued at launch 12,500,000 27,500,000 40,000,000 ======= ======= =======

Shares in issue at 30 June 2002 12,500,000 27,500,000 40,000,000 ======= ======= =======

Those with a holding of 10% and over as at 30 June 2002 are as follows:

Income **Shares** **Shares**

Merrill Lynch International 2,733,714 PO box 293 20 Farringdon Road London EC1M 3NH

NY Nominees Limited 1,769,000 PO box 293 20 Farringdon Road London EC1M 3NH

Mership Nominees Limited 1,559,000 Capstan House One Clove Crescent East India Dock London E14 2BH

Zero **Shares**

The Bank of New York (Nominees) Limited 10,000,000 1 Canada Square London E14 5AL

Notes to the Financial Statements (Continued)

2. Investments Income **Shares** Zero **Shares** Total Total 2002 2001 GBP GBP GBP GBP

Market Value at start of period 10,644,050 25,619,660 36,263,710 37,800,072

Unrealised movement on revaluation (1,495,775) (2,699,455) (4,195,230) (1,769,442)

Market Value at end of period 9,148,275 22,920,205 32,068,480 36,030,630

Swap and Option Transactions

The Company entered into swap and option transactions (the "Swap and Option Transactions") for the sub-funds comprising each of the Income **Shares** and the Zero **Shares**. The purpose of the Swap and Option Transactions is to enable the Company, on behalf of each sub-fund, to match more efficiently the cash flow on the Portfolio to the payments intended to be made under the investment objectives of the Company and each sub-fund, and also to generate part of the Capital Return to Shareholders following the Exit Date. The swap and option Transaction for each sub fund involve the writing of 30 Individual put options on the underlying stocks in favour of the counterpart to the swap and option transaction.

The Company's ongoing cash payment obligations under the Swap and Option Transactions will be equal to the aggregate interest received from the

holding of Sterling Instruments. The obligations of each sub fund arising from the "Swap and Options Transaction" are as follows:

Income **Shares**

The fund is obligated to pay the following;

An initial premium payment of GBP 562,500 and payment of the quarterly interest received on the Sterling Instruments. The income **shares** also pay a fixed dividend of GBP 9.25 pence per income **share** per annum. (no dividend will be paid except out of income

received from the income **share** portfolio and the income **share** swap and option transaction).

On the Exit Date (15 December 2003) an investor is entitled to a return of capital of GBP 100 pence per **share** subject to the following; if the Final Stock Level is less than 90% of the Initial Stock Level, GBP 0.03704 pence for each 1% that the Final Stock Level is below 90% of the Initial Stock Level.

Zero **Shares**

The fund is obligated to pay the following;

An initial premium payment of GBP 1,237,500 and payment of the quarterly interest received on the Sterling Instruments. No annual dividend is payable on the Zero **shares**.

On the Exit Date (15 December 2003) an investor is entitled to receive a return of capital of GBP 130.40 pence per **share** subject to the following; If the Final Stock Level is less than 80% of the Initial Stock Level, the return of capital is reduced by 1% that the Final Stock Level is below 80% of the Initial Stock Level. Thus for Zero **shares** the investor capital is not protected and returns are not guaranteed.

The Swap and Option Transactions (the "transaction") represent "over the counter" trades and are valued by the relevant counterparty, Merrill Lynch at a market value based on various criteria, which reflect prevailing market conditions. This valuation is provided to and relied upon by the Board of Directors as being a true value of the transaction.

The initial premium paid on the "Swap and Option Transaction" represents the cost of the transaction to the fund. The resulting unrealised gain or loss is included in unrealised appreciation of Investments in the Statement of Operations. A detailed description of the risks associated with each **share** class is outlined in the prospectus of the fund.

Notes to the Financial Statements (Continued)

4. Fees and Expenses

The Company entered into a Distribution and Sponsorship Agreement with the Sponsor and Distributor whereby the Sponsor and Distributor agreed (i) to promote the **Shares** and procure subscribers for the **Shares**, and (ii) to discharge all of the formation and issue costs of the Company, including registration fees, printing costs, legal and accounting fees and marketing and distribution expenses. Under the Sponsorship and Distribution Agreement the Company paid to the Sponsor and Distributor an initial fee of 2% of the issue price of the **shares**.

A commission of 2% of the Issue Price of the **Shares** was paid to authorised intermediaries by the Distributor and Sponsor who were reimbursed by the Company. Following payment of the initial fees and the commission expenses, an investor's net investment in either the Income **Shares** or the Zero **Shares** was 96% of the issue price of the **shares**.

The Company has entered into Distribution and Sponsorship, Investment Management, Custodian, Administration, Registrar and Paying Agency Agreements with authorised entities in Ireland and the United Kingdom.

Under the Distribution and Sponsorship Agreement, the Distributor and Sponsor has agreed to discharge the costs of these agreements, together with the legal, secretarial, auditing and other professional expenses of the Company incurred throughout its Planned Life, for which the Company will pay a capped annual fee of up to 0.5% of the issue price (GBP 1 per **share**) of the **shares** to the Distributor and Sponsor.

In the event that the Distributor and Sponsor fail to make payment on behalf of the Company, the Company shall remain liable for all sums due under the agreements. The charge for the period and the amount due at the period end are shown in the Statement of Operations and the Statement of Net Assets respectively.

5. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Acts, 1997, as amended. It is not chargeable to Irish tax on its income and **gains**.

However, tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of **shares**. No tax will arise on the Company in respect of chargeable events in respect of:-

(i) a shareholder who is not Irish resident and not ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided the appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Acts, 1997, as amended, are held by the company and, dividends, interest and capital **gains** (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investments income/ **gains** are received and such taxes may not be recoverable by the Company's or its shareholders

(ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital **gains** (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investments income / **gains** are received and such taxes may not be recoverable by the Company or its shareholders.

6. Dividends

Two quarterly dividends of GBP 2.3125 pence per Income **Share**, amounting to GBP 578,125 in total, were paid during the period. No dividends were paid or proposed for the Zero **Shares**.

Notes to the Financial Statements (Continued)

7. Commitments and Contingent Liabilities

The risks associated with Income **Shares** and Zero **Shares** are as outlined in Note 3.

8. Directors' and Auditors' Remuneration

The Articles of Association provide that the Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors. The aggregate amount of the Directors' remuneration in any one year shall not exceed GBP 8,000 plus any VAT payable thereon.

The remuneration of the Directors and Auditors is paid by the Sponsor and Distributor in accordance with the Prospectus, as outlined in Note 4.

9. Portfolio Changes

There were no portolio changes during the period.

10. Net Asset Value ('NAV') Per **Share**

30 June 2002 29 December 2000 14 December 2000 (after launch) (launch)

Income **Shares** GBP 0.741 GBP 0.960 GBP 1.000

Zero **Shares** GBP 0.843 GBP 0.960 GBP 1.000

11. Soft Commission Arrangements

There were no soft commission arrangements in place during the period ended 30 June 2002.

12. Cash

All monies of the Funds are held with Citibank N.A. in the name of Citibank International plc, Ireland Branch as Custodian of the relevant funds.

13. Financial Instruments and Derivatives

In pursuing their investment objective, as set out on page 5, the Company invests in securities with the aim of spreading investment risk.

Investments in securities and derivatives expose the Company to various risks, including market price, interest rate, liquidity and credit risks. A description of the specific risks and the policies for managing these risks are included below. The securities in which the funds may invest must generally be quoted or dealt in, on a regulated market

approved by the Central Bank of Ireland or as provided for in the Articles of Association. An analysis of these types of securities held at the period end is contained in the Schedule of Investments. It is not proposed to borrow or leverage in respect of the Company.

Market Price Risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company may suffer through holding market positions in the face of price movements. In the case of this Company, market risk will be significant, but is negated through the Company entering a swap and option transaction as set out in the accounting policies.

Interest Rate Risk

Where the Company invests in interest paying securities, it is exposed to interest rate risk where the value of these securities may fluctuate as a result of a change in interest rates. This risk is negated through the Company entering into a swap and option transaction as set out in the accounting policies. The interest rate profile of the financial assets, excluding cash and short-term debtors and creditors, in the portfolios as at 30 June 2002 was:

Notes to the Financial Statements (Continued)

Financial Instruments and Derivatives (continued)

Income **Shares**

Zero **Shares**

Foreign Exchange Risks

The net assets of the Company are denominated in sterling, the base currency of the Company, hence no exposure to foreign currency risk arises.

Liquidity Risk

The Company's assets comprise mainly of UK issued medium term notes and swap and option transactions with Merrill Lynch International as the counterparty. These assets are due to mature on or before the Exit Date, 15 December 2003.

Credit Risk

The Company will be exposed to a credit risk on the parties with whom it trades and will also bear the risk of settlement default. The Company minimises credit risk by undertaking transactions with financial institutions that have received a credit rating of at least A- from Standard & Poor's and/or Moody's Investor Service, Inc.

Fair value of financial assets and financial liabilities

All of the financial assets and liabilities of the Company are held at fair value. The realised and unrealised **gains** and losses arising from trading in financial assets are shown in the schedule "Statement of Changes in Net Assets" of each portfolio and as a combined figure in the Statement of Operations for the Company.

Notes to the Financial Statements (Continued)

14. Significant Agreements and transactions with related parties

The following agreements have been entered into by the Company with related parties;

The Investment Management Agreement

Investment Management Agreement dated 15 November 2000 between the Company and Merrill Lynch Investment Managers Ltd under which Merrill Lynch Investment Managers Ltd has been appointed as the Investment Manager of the investments and assets of the Company and will provide the investment management services required by the Company. In providing these services the **Investment** Manager is granted a wide **investment discretion** but will be subject to the overall supervision of the Directors.

The Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by either party, giving to the other not less than 90 days notice, although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other. The Agreement also contains certain indemnities in favour of

the Investment Manager which are restricted to exclude matters arising by reason of the negligence, fraud or wilful default of the Investment Manager in the performance of his duties.

The Distribution and Sponsorship Agreement

The Distribution Agreement provides that the appointment of the Distributor will continue in force unless and until terminated by either party, giving to the other not less than ninety days written notice, although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other. The Agreement contains certain indemnities in favour of the Distributor, which are restricted to exclude matters arising by reason of negligence or wilful default or from a material breach of the Distributor and Sponsor's obligations under this Agreement. Amounts payable to the Distributor at period end can be seen on the face of the Statement of Net Assets.

The counterparty to the Swap and Option Transactions is Merrill Lynch International. Details of the transactions are set out in Note 3. The payments for the period and the amounts due at the end are shown in the Statement of Operations and the Statement of Net Assets respectively.

15. Cross Liability

The assets of each sub-fund may be exposed to the liability of other sub-funds within the Company. At 30 June 2002, the Directors are not aware of any such existing or contingent liability.

16. Financial Statements

These financial statements are unaudited.

This information is provided by RNS The company news service from the London Stock Exchange

Company Names: Merrill Lynch & Co Inc
Descriptors: Company News; Results
SIC Codes/Descriptions: 6211 (Security Brokers & Dealers)
Naics Codes/Descriptions: 52311 (Investment Banking & Securities Dealing)

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Merrill Lynch Defined Income & Growth Plc

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Unaudited Financial Statements

For the six months ended 30 June 2002

Table of Contents

General Information
Directors
Peter Blessing(Irish) Bernard Hoey (Irish)
Roger McGreal (Irish)
Company Secretary and Goodbody Secretarial Limited
Registered Office 25/28 North Wall Quay
Dublin 1
Distributor and Sponsor Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
England
Investment Manager Merrill Lynch Investment Managers Limited
33 King William Street
London EC4R 9AS
England
Administrator Citibank Ireland Financial Services plc
1 North Wall Quay
Dublin 1
Ireland
Registrar, Transfer Agent and Computershare Investor Services (Ireland) Limited
Irish Paying Agent Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
UK Transfer and Computershare Services plc
Paying Agent The Pavillions
Bridgewater Road
Bristol BS99 7NH
England
Custodian Citibank International plc, Ireland Branch
1 North Wall Quay
Dublin 1
Ireland
Sponsoring Broker J. & E. Davy
(Ireland) 49 Dawson Street
Dublin 2
Ireland
Sponsoring Broker Merrill Lynch International
(London) Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
England
General Information (continued)
Irish Legal Advisers A & L Goodbody
Solicitors
International Financial Services Centre
North Wall Quay
Dublin 1
Ireland
UK Legal Advisers Allen & Overy
One New Change
London EC4M 9QQ
England
Auditors PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

George's Quay
Dublin 2
Ireland
Company Background

Merrill Lynch Defined Income & Growth Plc ("the Company") is an umbrella investment company with variable capital incorporated on 25 October 2000 under the laws of Ireland and authorised under Part XIII of the Companies Act, 1990, as a designated closed-ended investment company pursuant to Section 256 of that Act. The Company has issued two classes of **shares** (the "**Shares**"), namely the Income **Shares** and the Zero **Shares**, whose performance will depend upon the **share** price performance of a portfolio of 30 companies ("Underlying Stocks"). Each class of **Shares** represents a separate portfolio of assets, each a sub-fund, also, each **share** class will invest approximately 90% of the gross **proceeds** in a portfolio of sterling instruments.

The investment objective of the Company is to provide defined income and returns to investors in the two classes of **Shares** based on the **share** price performance of the Underlying Stocks, as outlined in the prospectus.

The 30 Underlying Stocks, as detailed in the Prospectus, comprise some of the largest and most liquid companies in the world and are split across eight broad industry sectors.

The Income **Shares** are designed to offer a fixed dividend of GBP 9.25 pence per Income **Share** per annum payable in four quarterly instalments and to return a capital amount at the end of the Planned Life of the Company of GBP 100 pence, subject to the **share** price performance of the Underlying Stocks. A fall in the value of one or more of the Underlying Stocks of more than 10% over the Planned Life of the Company will result in the Income **Shares** being repaid at a level lower than the anticipated Income **Share** Capital Return of GBP 100 pence per Income **Share**. If, in respect of any of the Underlying Stocks, the Final Stock Level is lower than 90% of its Initial Stock Level, the Income **Share** Capital Return will be reduced by GBP 0.03704 pence for each 1% that the relevant Final Stock Level is below 90% of the relevant Initial Stock Level. No reduction in the Income **Share** Capital Return will be incurred for any Underlying Stock whose Final Stock Level has fallen by 10% or less and there will be no increase in the **Share** Capital Return for any Underlying Stock whose Final Stock Level is greater than its Initial Stock Level.

The Zero **Shares** are designed to offer investors a fixed return per Zero **Share** at the end of the Planned Life of the Company of GBP 130.40 pence, subject to the **share** price performance of the Underlying Stocks. The Zero **Shares** will not pay dividends. A fall in the value of one or more of the Underlying Stocks of more than 20% over the Planned Life of the Company will result in the Zero Dividend **Shares** being repaid at a lower level than the anticipated capital entitlement of GBP 130.40 pence per Zero **Share**. If, in respect of any of the Underlying Stocks, the Final Stock Level is lower than 80% of its Initial Stock Level, the Zero **Share** Capital Return will be reduced by GBP 0.05433 pence for each 1% that the relevant Final Stock Level is below 80% of the relevant Initial Stock Level. No reduction in the Zero **Share** Capital Return will be incurred for any Underlying Stock whose Final Stock Level has fallen by 20% or less and there will be no increase for any Underlying Stock whose Final Stock Level is greater than its Initial Stock Level.

The capital risk to the Income and Zero **Shares** as a result of the linkage to the Underlying Stocks is not the same as linkage to an index comprising the Underlying stocks. Positive movements in one or more of the Underlying Stocks will not compensate for falls in the Underlying

Stocks, which would normally be the case for an index.

The Company invested approximately 90% of the gross **proceeds** of the Offer in a portfolio of Sterling Instruments. This is to achieve the desired characteristics of each class of **share**, as noted above. The Company has also entered into Swap and Option Transactions with Merrill Lynch International as the counterparty. The purpose of the Swap and Option Transactions is to enable the Company to match more efficiently the cash flows on the portfolio to the payments intended to be made under the investment objectives of the Company.

The Company is listed on the Irish Stock Exchange and the London Stock Exchange.

Investment Manager's Report for the period ended 30 June 2002

General

The gross **proceeds** of the issue closing on 6 December 2000 were #40 million, represented by 27.50 million Zero **Shares** and 12.50 million Income **Shares**.

Following payment of the initial fees and commission expenses the net investment in both Income and Zero **Shares** was 96% of the issue price of the **Shares**. The net **proceeds** of the offer were invested on 14 December 2000 in accordance with the investment policies set out in the Prospectus.

For each class of **Share**, the net **proceeds** of the offer were invested in a portfolio of medium term notes and an "over-the-counter" swap and option.

Zero **Shares** Net Asset Value

The Net Asset Value per **share** of the Zero **Shares** on 30 June 2002 was GBP #0.843, a decline of 12.2% (relative to an initial Net Asset Value per **Share** of #0.96) since inception (15 December 2000). Of the initial 30 stocks, 20 are below 80% of their initial value as at close of business on 30 June 2002. The stocks most affected are Worldcom Group, France Telecom SA, Deutsche Telekom, Cisco Systems Inc and Vivendi Universal. Consequently, the unrealised loss on capital is 34.5 pence (on the basis of 0.05433 pence for each 1% the stock is below 80% from the initial price level).

On 30 June 2002 the closing **share** price for the Zero **Shares** was GBP #0.882, representing a premium of 4.4 % to the prevailing Net Asset Value.

Income **Shares** Net Asset Value

The Net Asset Value per **share** of the Income **Shares** on 30 June 2002 was GBP #0.7411, a decline of 22.8% (relative to an initial Net Asset Value per **Share** of #0.96) over the same period. Of the initial 30 stocks, 21 are below 90% of their initial value as at close of business on 30 June 2002. The stocks most affected are Worldcom Group, France Telecom SA, and Deutsche Telekom, Cisco Systems Inc and Vivendi Universal. Consequently, the unrealised loss on capital is 31.0 pence (on the basis of 0.03704 pence for each 1% the stock is below 90% from the initial price level).

On 30 June 2002 the closing **share** price for the Income **Shares** was GBP #0.772, representing a premium of almost 3.9% to the prevailing Net Asset Value.

Investment Manager's Report for the period endede 30 June 2002(Continued)

Market Review

US stockmarkets remained excessively volatile during the first half of 2002, the period being dominated by concerns over accounting standards and alleged fraudulent practices in some of the country's largest companies. The aftermath of Enron's collapse in the first quarter and the WorldCom scandal in late June effectively framed a harrowing time for US equities, with the major indices all declining significantly over the period (S&P 500 fell 13.2%).

While the US economy showed evidence of recovery during the period,

data was neither as strong or consistent as investors would have liked. In addition, there were concerns on whether economic recovery was feeding through to an earnings recovery for the indebted corporate sector. Geo-political concerns also occupied investors, with renewed conflict in the Middle East and the threat of war between India and Pakistan adding to negative sentiment.

Depressed by a number of high profile accounting scares in the US, European equity markets performed poorly during the first half of 2002, the MSCI Europe falling by 14% in euro terms. Most of the damage stemmed from TMT sectors. Technology hardware stocks fell 50% and software stocks 37% during the period, as investors discounted the prospect of continued cutbacks in corporate investment spending. Telecoms companies fared little better (down 40% on average) as worries about excessive debt burdens forced a number of alternative carriers into bankruptcy. Media stocks were off 33%, as hopes of a cyclical recovery in advertising spend were dashed. Insurance companies also fell (down 23%) as markets pushed a number of weaker players close to their regulatory solvency margins.

Market Outlook

US economic growth roared back to life in late 2001 and early 2002. In Q1 this year real GDP surged almost 6% annualised. The recovery was led by an increase in final demand while inventories have subsequently made a huge contribution as companies have raised production to stem the unexpected decline in stocks.

However, more recent economic data has been mixed leading to renewed concerns over a fall back in economic growth. In particular, initial claims for unemployment benefit have risen back above the 400,000 level, consumer confidence has dipped in June and money growth has slowed. The recent rise in oil prices has also dampened economic confidence.

While the pace of growth appears to have moderated from its spectacular rate at the start of the year, we believe that a near term return to recession is unlikely. Low interest rates and rising government spending underpin final

demand. Orders growth remains robust and business confidence is still high.

A key difference between the Eurozone and US cycle is the amplitude. European growth fell by around 3% from peak to trough in the recent downturn, while US growth fell by 5%. This reflected the smaller role of technology in driving the recent European cycle and the associated smaller impact of destocking on European output.

The amplitude of the European recovery is also likely to be less steep than in the US, at least in the early stages of recovery, due to the more hawkish European Central Bank and the smaller boost to Eurozone output from the end of destocking. We view a near-term decoupling of the Eurozone and US cycles as unlikely as both are being driven by similar factors. Looking further out the main risks of decoupling are through the dollar/euro exchange rate.

Reporting companies are beginning to give more guidance about prospects for 2002 but are still seeing 2003 as impossible to ascertain.

Over the last quarter, our analysts have reduced the anticipated 2002 aggregate growth rate from 12% to 9% for European earnings, mainly through disappointments in the technology, telecoms and basic materials sectors. Importantly, however, we believe a higher level of confidence to this forecast than three months ago, but visibility for 2003 is still very poor. The main driver for the rise in confidence for the earnings forecasts has been the appearance that companies do not want to repeat the excessive optimism mistakes made in 2001.

The low nominal growth and disinflationary economic environment should put pressure on companies to restructure their cost base so that excess capacity does not dilute the recovery of ROE. In the past, structural rigidities in the Eurozone have restricted these restructuring efforts and these efforts are beginning to wane after picking up in Q4 2001.

The Investment Manager

Merrill Lynch Investment Managers Limited July 2002

Notes to the Financial Statements

1. Significant Accounting Policies

a) Basis of Accounting and Presentation of Financial Statements

These financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The Financial Statements are prepared under the historical cost convention as modified to include investments at valuation.

The **Profit** & Loss Account is referred to as the Statement of Operations and the Balance Sheet as the Statement of Net Assets.

The format and certain wordings of the financial statements has been adapted from those contained in the Companies Act, 1986 and FRS 3 "Reporting Financial Performance" so that, in the opinion of the directors, they more appropriately reflect the nature of the Company's business as an investment fund.

b) Interest Income

Interest Income is recognised on an accruals basis.

c. Valuation of Investments

Sterling Instruments

The Company invests in a number of Sterling Instruments comprising medium term notes issued by a financial institution that has a rating of at least A-, as determined by Standard & Poor's and/or Moody's Investor Service, Inc. These Securities are valued on the basis of market prices prevailing at the balance sheet date. The "unrealised **gains**/losses" resulting from the marking to market of these investments is reflected in the Statement of Operations. It is the intention of the Fund to hold these investments until the Exit Date i.e. 15th December 2003 and consequently to date there has been no sale of investments.

Swap and Option Transactions

The Swap and Option Transactions (the "transactions") represent "over the counter" trades and are valued by the relevant counterparty, Merrill Lynch International, at a market value based on various criteria, which reflects prevailing market conditions. This valuation is provided to and relied upon by the Board of Directors as being a fair value of the transactions.

As the transactions are not readily marketable, in order to verify the valuation provided by the counterparty under the terms of the Prospectus, the Directors will haveare required to have the swap and option transactions valued monthly by a party independent of the counterparty, who is approved for such purpose by the Custodian. The Directors on a monthly basis have obtained a quotation from Merrill Lynch Investment Managers ("MLIM"). The Custodian has approved MLIM and the Board is satisfied that MLIM is independent of Merrill Lynch International.

The initial premium paid on the "Swap and Option Transaction" represents the cost of the transaction to the fund. The resulting unrealised gain or loss is included in unrealised appreciation of Investments in the Statement of Operations.

Merrill Lynch International is the counterparty to the Swap and Option Transactions as at 30 June 2002.

Notes to the Financial Statements (Continued)

1. **Share** Capital

Authorised

The Company has an authorised **share** capital of 500,000,000 participating **shares** of no par value and two subscriber

shares of GBP 1.00 each.

Subscriber **shares**

Subscriber **shares** issued amount to GBP 2.00, being 2 subscriber **shares** of GBP 1.00 each, fully paid. The subscriber **shares** do not form part of the net asset value of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

Participating **shares**

The issued participating **share** capital is at all times equal to the net asset value of the Company. The participating **shares** are in substance equity **shares**.

Issued **Share** Capital

Income **Shares** Zero **Shares** Total Number Number Number

Shares issued at launch 12,500,000 27,500,000 40,000,000
======= ======= =======

Shares in issue at 30 June 2002 12,500,000 27,500,000 40,000,000 ======= ======= =======

Those with a holding of 10% and over as at 30 June 2002 are as follows:

Income **Shares** **Shares**

Merrill Lynch International 2,733,714
PO box 293
20 Farringdon Road
London
EC1M 3NH

NY Nominees Limited 1,769,000
PO box 293
20 Farringdon Road
London
EC1M 3NH

Mership Nominees Limited 1,559,000
Capstan House
One Clove Crescent
East India Dock
London
E14 2BH

Zero **Shares**

The Bank of New York (Nominees) Limited 10,000,000
1 Canada Square
London
E14 5AL

Notes to the Financial Statements (Continued) 2. Investments

Income **Shares** Zero **Shares** Total Total 2002 2001 GBP GBP GBP GBP

Market Value at start of period 10,644,050 25,619,660 36,263,710 37,800,072

Unrealised movement on revaluation (1,495,775) (2,699,455) (4,195,230) (1,769,442)

9,148,275 22,920,205 32,068,480 36,030,630 Market Value at end of period

Swap and Option Transactions

The Company entered into swap and option transactions (the "Swap and Option Transactions") for the sub-funds comprising each of the Income **Shares** and the Zero **Shares**. The purpose of the Swap and Option Transactions is to enable the Company, on behalf of each sub-fund, to match more efficiently the cash flow on the Portfolio to the payments intended to be made under the investment objectives of the Company and each sub-fund, and also to generate part of the Capital Return to Shareholders following the Exit Date. The swap and option Transaction for each sub fund involve the writing of 30 Individual put options on the

underlying stocks in favour of the counterpart to the swap and option transaction.

The Company's ongoing cash payment obligations under the Swap and Option Transactions will be equal to the aggregate interest received from the holding of Sterling Instruments. The obligations of each sub fund arising from the "Swap and Options Transaction" are as follows:

Income **Shares**

The fund is obligated to pay the following;

An initial premium payment of GBP 562,500 and payment of the quarterly interest received on the Sterling Instruments. The income **shares** also pay a fixed dividend of GBP 9.25 pence per income **share** per annum. (no dividend will be paid except out of income received from the income **share** portfolio and the income **share** swap and option transaction).

On the Exit Date (15 December 2003) an investor is entitled to a return of capital of GBP 100 pence per **share** subject to the following; if the Final Stock Level is less than 90% of the Initial Stock Level, GBP 0.03704 pence for each 1% that the Final Stock Level is below 90% of the Initial Stock Level.

Zero **Shares**

The fund is obligated to pay the following;

An initial premium payment of GBP 1,237,500 and payment of the quarterly interest received on the Sterling Instruments. No annual dividend is payable on the Zero **shares**.

On the Exit Date (15 December 2003) an investor is entitled to receive a return of capital of GBP 130.40 pence per **share** subject to the following; If the Final Stock Level is less than 80% of the Initial Stock Level, the return of capital is reduced by 1% that the Final Stock Level is below 80% of the Initial Stock Level. Thus for Zero **shares** the investor capital is not protected and returns are not guaranteed.

The Swap and Option Transactions (the "transaction") represent "over the counter" trades and are valued by the relevant counterparty, Merrill Lynch at a market value based on various criteria, which reflect prevailing market conditions. This valuation is provided to and relied upon by the Board of Directors as being a true value of the transaction.

The initial premium paid on the "Swap and Option Transaction" represents the cost of the transaction to the fund. The resulting unrealised gain or loss is included in unrealised appreciation of Investments in the Statement of Operations. A detailed description of the risks associated with each **share** class is outlined in the prospectus of the fund.

Notes to the Financial Statements (Continued)

4. Fees and Expenses

The Company entered into a Distribution and Sponsorship Agreement with the Sponsor and Distributor whereby the Sponsor and Distributor agreed (i) to promote the **Shares** and procure subscribers for the **Shares**, and (ii) to discharge all of the formation and issue costs of the Company, including registration fees, printing costs, legal and accounting fees and marketing and distribution expenses. Under the Sponsorship and Distribution Agreement the Company paid to the Sponsor and Distributor an initial fee of 2% of the issue price of the **shares**.

A commission of 2% of the Issue Price of the **Shares** was paid to authorised intermediaries by the Distributor and Sponsor who were reimbursed by the Company. Following payment of the initial fees and the commission expenses, an investor's net investment in either the Income **Shares** or the Zero **Shares** was 96% of the issue price of the **shares**.

The Company has entered into Distribution and Sponsorship, Investment Management, Custodian, Administration, Registrar and Paying Agency Agreements with authorised entities in Ireland and the United Kingdom.

Under the Distribution and Sponsorship Agreement, the Distributor and Sponsor has agreed to discharge the costs of these agreements, together with the legal, secretarial, auditing and other professional expenses of the Company incurred throughout its Planned Life, for which the Company will pay a capped annual fee of up to 0.5% of the issue price (GBP 1 per **share**) of the **shares** to the Distributor and Sponsor.

In the event that the Distributor and Sponsor fail to make payment on behalf of the Company, the Company shall remain liable for all sums due under the agreements. The charge for the period and the amount due at the period end are shown in the Statement of Operations and the Statement of Net Assets respectively.

5. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Acts, 1997, as amended. It is not chargeable to Irish tax on its income and **gains**.

However, tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of **shares**. No tax will arise on the Company in respect of chargeable events in respect of:-

(i) a shareholder who is not Irish resident and not ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided the appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Acts, 1997, as amended, are held by the company and, dividends, interest and capital **gains** (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investments income/ **gains** are received and such taxes may not be recoverable by the Company's or its shareholders

(ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital **gains** (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investments income / **gains** are received and such taxes may not be recoverable by the Company or its shareholders.

6. Dividends

Two quarterly dividends of GBP 2.3125 pence per Income **Share**, amounting to GBP 578,125 in total, were paid during the period. No dividends were paid or proposed for the Zero **Shares**.

Notes to the Financial Statements (Continued)

7. Commitments and Contingent Liabilities

The risks associated with Income **Shares** and Zero **Shares** are as outlined in Note 3.

8. Directors' and Auditors' Remuneration

The Articles of Association provide that the Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors. The aggregate amount of the Directors' remuneration in any one year shall not exceed GBP 8,000 plus any VAT payable thereon.

The remuneration of the Directors and Auditors is paid by the Sponsor and Distributor in accordance with the Prospectus, as outlined in Note 4.

9. Portfolio Changes

There were no portolio changes during the period.

10. Net Asset Value ('NAV') Per **Share**

30 June 2002 29 December 2000 14 December 2000

(after launch) (launch)

Income **Shares** GBP 0.741 GBP 0.960 GBP 1.000

Zero **Shares** GBP 0.843 GBP 0.960 GBP 1.000

11. Soft Commission Arrangements

There were no soft commission arrangements in place during the period ended 30 June 2002.

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Investments in securities and derivatives expose the Company to various risks, including market price, interest rate, liquidity and credit risks. A description of the specific risks and the policies for managing these risks are included below. The securities in which the funds may invest must generally be quoted or dealt in, on a regulated market approved by the Central Bank of Ireland or as provided for in the Articles of Association. An analysis of these types of securities held at the period end is contained in the Schedule of Investments. It is not proposed to borrow or leverage in respect of the Company.

Market Price Risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company may suffer through holding market positions in the face of price movements. In the case of this Company, market risk will be significant, but is negated through the Company entering a swap and option transaction as set out in the accounting policies.

Interest Rate Risk

Where the Company invests in interest paying securities, it is exposed to interest rate risk where the value of these securities may fluctuate as a result of a change in interest rates. This risk is negated through the Company entering into a swap and option transaction as set out in the accounting policies. The interest rate profile of the financial assets, excluding cash and short-term debtors and creditors, in the portfolios as at 30 June 2002 was:

Notes to the Financial Statements (Continued)

Financial Instruments and Derivatives (continued)

Income **Shares**

Zero **Shares**

Foreign Exchange Risks

The net assets of the Company are denominated in sterling, the base currency of the Company, hence no exposure to foreign currency risk arises.

Liquidity Risk

The Company's assets comprise mainly of UK issued medium term notes and swap and option transactions with Merrill Lynch International as the counterparty. These assets are due to mature on or before the Exit Date, 15 December 2003.

Credit Risk

The Company will be exposed to a credit risk on the parties with whom it trades and will also bear the risk of settlement default. The Company minimises credit risk by undertaking transactions with financial institutions that have received a credit rating of at least A- from Standard & Poor's and/or Moody's Investor Service, Inc.

Fair value of financial assets and financial liabilities

All of the financial assets and liabilities of the Company are held at fair value. The realised and unrealised **gains** and losses arising from trading in financial assets are shown in the schedule "Statement of Changes in Net Assets" of each portfolio and as a combined figure in the Statement of Operations for the Company.

Notes to the Financial Statements (Continued)

14. Significant Agreements and transactions with related parties

The following agreements have been entered into by the Company with related parties;

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Investment Management Agreement dated 15 November 2000 between the Company and Merrill Lynch Investment Managers Ltd under which Merrill

Lynch Investment Managers Ltd has been appointed as the Investment Manager of the investments and assets of the Company and will provide the investment management services required by the Company. In providing these services the **Investment** Manager is granted a wide **investment discretion** but will be subject to the overall supervision of the Directors.

The Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by either party, giving to the other not less than 90 days notice, although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other. The Agreement also contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters arising by reason of the negligence, fraud or wilful default of the Investment Manager in the performance of his duties.

The Distribution and Sponsorship Agreement

The Distribution Agreement provides that the appointment of the Distributor will continue in force unless and until terminated by either party, giving to the other not less than ninety days written notice, although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other. The Agreement contains certain indemnities in favour of the Distributor, which are restricted to exclude matters arising by reason of negligence or wilful default or from a material breach of the Distributor and Sponsor's obligations under this Agreement. Amounts payable to the Distributor at period end can be seen on the face of the Statement of Net Assets.

The counterparty to the Swap and Option Transactions is Merrill Lynch International. Details of the transactions are set out in Note 3. The payments for the period and the amounts due at the end are shown in the Statement of Operations and the Statement of Net Assets respectively.

15. Cross Liability

The assets of each sub-fund may be exposed to the liability of other sub-funds within the Company. At 30 June 2002, the Directors are not aware of any such existing or contingent liability.

16. Financial Statements

These financial statements are unaudited.

This information is provided by RNS The company news service from the London Stock Exchange

Company Names: Merrill Lynch & Co Inc
Descriptors: Company News; Report & Accounts; Results
SIC Codes/Descriptions: 6211 (Security Brokers & Dealers)
Naics Codes/Descriptions: 52311 (Investment Banking & Securities Dealing)

69/9/18 (Item 18 from file: 20)
24894408
Stock-Market Crash Prevented Hershey Founder's Merger Deal in 1929

Jack Sherzer
KRTBN KNIGHT-RIDDER TRIBUNE BUSINESS NEWS (PATRIOT-NEWS - HARRISBURG, PENNSYLVANIA)
September 11, 2002
Journal Code: KPNE **Language:** English **Record Type:** FULLTEXT

Word Count: 949

Milton Hershey himself once contemplated a merger of Hershey Foods Corp. and two outside corporations that would have wrested away control of the chocolate company from the Hershey Trust Co., the trustees asserted in a court filing yesterday.

The chocolate magnate's willingness to cede control of Hershey Foods shows he never intended the trustees overseeing the Milton Hershey School to be hampered in their ability to manage its assets, which include the chocolate company.

The Hershey Trust Co.'s filing in Dauphin County Court was the latest response to the state attorney general's office's attempt to block the trustees from selling Hershey Foods. The attorney general's office maintains it should be able to review any sale to ensure no harm would be done to the school or the local community, which it argues is also a beneficiary.

So far, the trustees have been blocked from executing a sale by a temporary restraining order issued last week by Dauphin County Court Judge Warren G. Morgan, an appeal of which is scheduled to be heard tomorrow in Commonwealth Court.

But even as the trust company filed its papers in court, its chief executive said yesterday that no final decision has been made to sell Hershey Foods.

"We haven't decided to sell the company," Richard C. Vowler, president and chief executive officer of the Hershey Trust Co., said in an interview yesterday with The Associated Press. "We don't have any offers in progress."

Vowler said the trust would continue with the process of asking company executives to seek bids for the nation's largest candymaker. But he insisted that any sale to new owners would "only be after we were absolutely convinced that it was good for the trust and good for the community."

The Hershey Trust Co. is a for-**profit** corporation managing the Hershey trust -- which finances the Milton Hershey School -- and owns a controlling interest in Hershey Foods. The trust company announced in July that it is considering selling Hershey Foods in order to protect the future of the trust, and the school itself.

Trustees say that having 58.6 percent of the trust's $5.7-billion endowment tied up in Hershey Foods is too risky and that the prudent financial move is to diversify or sell off the company and spread the money in more varied investments.

In yesterday's filing, the trustees said that in 1929, Milton Hershey was ready to merge Hershey Foods with the Kraft-Phenix Cheese Corporation and Colgate-Palmolive-Peet Company -- a deal that never went through because the great stock market crash occurred four days after the merger was executed.

"(The deal) would have required the exchange of the **shares** of the Hershey Chocolate Company in the school trust for **shares** in the new company and would not have resulted in the school trust having voting control in the new company, clearly evidences that (Milton Hershey) did not intend to limit his fiduciaries in the exercise of their **discretion** in making trust **investment** decisions," according to the trustees' court filing.

Attorney General Mike Fisher's office has argued that selling Hershey Foods could cause layoffs and destabilize Derry Twp., where the Milton Hershey School for disadvantaged children is located. Though the trustees say they only must consider the school, attorney general's spokesman Sean Connolly said that is a question for the courts.

"That goes to the heart of our argument -- we want the court to

review a sale to ensure that the impact of the community is being considered," Connolly said.

"The attorney general clearly has the right to represent the public's interest in charitable trust matters," Connolly said. "That's what we're doing in this case."

"We are fighting on behalf of the Hershey community, a community that would be greatly harmed by a sale of Hershey Foods," he said.

The trustees, however, in yesterday's filing and in previous arguments, say it's unfounded speculation to say a sale would harm the community. They have also said they would require certain safeguards for the community, though they have refused to go into specifics.

Trustees also say that a sale is likely to "significantly increase the value of the school trust" which would in turn directly benefit the school. To tell the trustees that they have a legal duty to consider anything or anyone else besides the school as a beneficiary "turns trust law on its head by creating beneficiaries," yesterday's filing said.

Analysts cite Nestle S.A., PepsiCo, Kraft Foods and Cadbury Schweppes among potential bidders for the candy giant. And since word of the potential sale leaked in early July, Hershey Food **shares** indeed rocketed in value from the high to low $60s per **share** to the high $70s.

The attorney general's action and subsequent court action have cooled some of Wall Street's ardor, but the stock closed yesterday at $73.53 per **share**.

JACK SHERZER: 255-8263 or jsherzer@patriot-news.com

The Associated Press contributed to this report.

.menucursor {cursor: hand;} .si {text-decoration: none; color: #000000; font-family: verdana, arial, helvetica, sans-serif; font-size: 11px;} .mi {text-decoration: none; color: #FFFFFF; font-weight: bold; font-family: verdana, arial, helvetica, sans-serif; font-size: 11px;} .miclass {text-decoration: none; color: #FC0303; font-weight: bold; font-family: arial, helvetica, sans-serif; font-size: small;} .cp {color: #0033CC; font-weight: bold; font-family: verdana, arial, helvetica, sans-serif; font-size: 12px;} .ct {color: #000000; font-family: verdana, arial, helvetica, sans-serif; font-size: 12px;}

Company Names: Hershey Foods Corp
Country Names/Codes: United States of America (US)
Regions: Americas; North America
Province/State: Pennsylvania
SIC Codes/Descriptions: 2000 (Food & Kindred Products)
Naics Codes/Descriptions: 311 (Food Mfg)

69/9/19 (Item 19 from file: 20)
25495486
Mondaq Business Briefing -Schulte Roth & Zabel LLPUnited States - Anti-Money Laundering Policies and Procedures

MONDAQ.COM
September 09, 2002
Journal Code: FMOQ **Language:** English **Record Type:** FULLTEXT
Word Count: 2397

On October 26, 2001, the USA PATRIOT Act (the "USA PATRIOT Act") 1 was enacted into law, aimed at giving the government new powers in the war on terrorism. The USA PATRIOT Act also imposed significant new anti-money laundering requirements on all financial institutions. The requirements for financial institutions went into effect on April 24, 2002. (Schulte Roth & Zabel LLP ("SRZ")) has been closely monitoring the impact of this legislation and related proposed Treasury regulations on the private investment fund industry. To date, no definitive guidelines or procedures have been recommended by any governmental body or authority that specifically relate to such funds. However, in light of the USA PATRIOT Act, private investment funds would be well advised to adopt policies and procedures that are reasonably designed to ensure compliance with its provisions.

Set forth below is a summary of our proposed policies and general recommendations:

1. We recommend that funds update Investor representations in domestic and offshore subscription documents, as needed. Several additional representations should be included in the subscription documents by which the Investor represents that: (i) its sources of investment funds are not derived from criminal activities; (ii) it is not a "senior foreign political figure"; (iii) it is not on the OFAC 2 -prohibited lists or prohibited by an OFAC sanctions program; and (iv) it is not a "foreign shell bank" and does not transact with a "foreign shell bank." If a prospective Investor cannot make these representations, a fund would not accept its subscription.

2. For existing Investors in domestic and offshore funds, we have prepared a sample letter to investors, attached hereto as Exhibit A. This letter can be sent to existing investors, with the expectation that such investors will return the requested Certification to the General Partner/Managing Member/Administrator by a specified date. If an existing investor does not respond by the specified date, we advise mailing a second letter (via overnight courier or certified, return receipt requested) and giving the investor an additional period of time to return the Certification. If no response is received by the second date, we believe that the fund's management should promptly determine what actions should be taken with respect to such investor (e.g ., mandatory withdrawal of interests or redemption of **shares**, schedule meeting with investor). In addition, the fund may consider performing its own OFAC due diligence with respect to existing investors.

3. Certain documentation will be requested from all new investors as part of the "Know Your Investor" initiative. Depending upon the type of investor, such documentation might be in the form of a passport or driver's license for an investor that is a natural person, a certificate of good standing for an investor that is an entity, and/or a letter of reference from a reputable banking institution or brokerage firm for

investors based in certain countries. With respect to a fund's existing investors, the fund may consider conducting additional "Know Your Investor" due diligence.

You will notice that the materials contemplate gathering different documentation for different categories of investors. Because the categories that we have used are broad, the type of documentation requested will not always be appropriate for a particular investor. For example, a fund of funds investor is expected to provide a representation that it has anti-money laundering procedures in place. However, a family that has organized a "fund of funds" for family members, in all likelihood, will not have such procedures and could not make the representation. As another example, it may be more appropriate to obtain an annual report from an endowment for a major university or pension plan rather than the information regarding the composition of private entities and trusts that the materials request. In these and other situations, the fund should exercise its discretion and obtain such backup information for your records as is sufficient to make you reasonably comfortable regarding the investor and its source of funds.

4. We have had contact with several service companies that are in the business of managing and checking a central database of Investor names against the OFAC-prohibited lists. Most of the larger U.S. financial institutions already subscribe to such services to screen their accountholder names. For an annual fee and a nominal charge per name, such services would alleviate the burden of having to constantly monitor the OFAC website. However, consideration should also be given to investor privacy concerns (e.g ., a service company could be subpoenaed to disclose the contents of its database). SRZ is available to discuss these services with you further.

5. Section 352 of the USA PATRIOT Act required that all financial institutions have an anti-money laundering compliance program in place as of April 24, 2002 with the following four elements: (i) the development of internal policies, procedures and controls; (ii) the designation of a compliance officer; (iii) an on-going employee training program; and (iv) an independent audit function to test programs. SRZ has prepared and made available to our clients a model anti-money laundering compliance manual developed for hedge funds. We believe that the proposed manual satisfies any compliance obligations applicable to our hedge fund clients. However, this should not be viewed as a "one size fits all" document. The procedures should be adapted to meet the specific needs and capabilities of your organization.

SRZ believes that these procedures reflect the minimum standards necessary to be consistent with industry practice and the spirit of the USA PATRIOT Act. You may, however, consider implementing certain additional measures (e.g ., seeking independent verification of investor identity and source of funds under all circumstances), to provide an additional level of comfort regarding your investor base. As further Congressional discussions are held and more Treasury guidance is released within the next six to 12 months, we may advise that different measures than those set forth in the documents below be used. SRZ will update its clients on developments, including further suggested revisions to offering materials, if necessary.

We recognize that these new policies and procedures may, at first, seem burdensome and difficult to implement. We are available to meet with you and assist you and your organization in putting these policies into effect.

1 The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56 (2001).

2 The U.S. Treasury Department's Office of Foreign Assets Control.

FORM LETTER TO EXISTING INVESTORS RE: OFAC/ANTI-MONEY LAUNDERING/SHELL BANK REPRESENTATIONS (FUND LETTERHEAD)

Dear Investor:

In order to comply with recent Federal legislation and executive orders addressing money laundering and anti-terrorist issues, we are asking each of our existing Investors to certify to the attached representations by signing the attached Certification and mailing it back to the (General Partner)(Managing Member)(Administrator). The Certification should be received by the Fund by (Give appropriate notice period (e.g., 2-4 weeks)). If you can not certify to any of the attached representations or have any questions regarding this letter, please contact (Insert name) at (Insert telephone number).

Please note that discussions currently being held in the U.S. Congress and the U.S. Treasury Department may require us to seek additional information from you in the future.

We appreciate your cooperation in this matter.

Very truly yours,

____

Name:

Title:

CERTIFICATION OF INVESTOR OF (NAME OF FUND)

I hereby certify that I have read and understand the letter dated (Insert Date) from the Fund and that the attached anti-money laundering/OFAC representations contained therein are true and correct.

If an Individual:

____

If an Entity:

____

Print Name

____

Print Name of Entity

By:_______________________________

Signature

Name:

Title:

Date:_______________, 2002

- -

FOR U.S. INVESTORS ONLY

ACKNOWLEDGMENT

STATE OF _____________)

) ss:

COUNTY OF___________)

On this ____ day of _________, ___, before me personally appeared _______________________, to me known and known to me to be the individual who executed the foregoing Certification in the capacity therein indicated, who acknowledged that he or she, being authorized to do so, executed the foregoing instrument for the purposes therein contained and in the capacity therein indicated as his or her own free act and deed.

____

Notary Public

My Commission Expires:

____

Please mail this Acknowledgment to the (General Partner)(Managing Member)(Administrator) at (Insert address, Attn: ______) by (Insert date as indicated on cover letter).

REPRESENTATIONS AND WARRANTIES

(A) Investors should check the OFAC website at <A HREF="http://www.treas.gov/ofac"target=_new> http://www.treas.gov/ofac before making the following representations.

The Investor represents that the amounts contributed by it to the Fund were not and are not directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations.

Federal regulations and Executive Orders administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. 1 The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by OFAC ("OFAC Programs") prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists.

The Investor hereby represents and warrants that, to the best of its knowledge, neither of:

(i) the Investor;

(ii) any person controlling or controlled by the Investor;

(iii) if the Investor is a privately held entity, any person having a beneficial interest in the Investor; or

(iv) any person for whom the Investor is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an OFAC list, nor is a person or entity prohibited under the OFAC Programs.

If an existing Investor can not make these representations, the Fund may require the withdrawal of interests or redemption of **shares**.
The Investor agrees promptly to notify the Fund should the Investor become aware of any change in the information set forth in these representations. The Investor is advised that, by law, the Fund may be required to disclose the Investor's identity to OFAC.

(B) The Investor represents and warrants that, to the best of its knowledge, none of:

(i) the Investor;

(ii) any person controlling or controlled by the Investor;

(iii) if the Investor is a privately held entity, any person having a beneficial interest in the Investor; or

(iv) any person for whom the Investor is acting as agent or nominee in connection with this investment is a senior foreign political figure, 2 any immediate family member 3 or close associate 4 of a senior foreign political figure as such terms are defined in the footnotes below.

(C) If the Investor is a non-U.S. banking institution (a "Foreign Bank") or if the Investor receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Investor represents and warrants to the Fund that:

(1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities;

(2) the Foreign Bank employs one or more individuals on a full-time basis;

(3) the Foreign Bank maintains operating records related to its banking activities;

(4) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and

(5) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

(D) The Investor understands and agrees that any withdrawal or redemption **proceeds** paid to it will be paid to the same account from which the Investor's **investment** in the Fund was originally remitted, unless the (General Partner)(**Investment** Manager), in its sole **discretion**, agrees otherwise.

SAMPLE FORM LETTER RE: SECOND NOTICE TO EXISTING INVESTORS

(FUND LETTERHEAD)

Dear Investor:

Reference is made to the letter dated ______________, (Insert Date) a

copy of which is attached hereto. We have not heard from you. This letter is a reminder to please sign the Certification and return it to us as soon as possible.

In the event that we do not receive your Certification by ________________, Insert Date we may have to (withdraw)(redeem) your (interests)(**shares**) in the Fund pursuant to the terms of the Fund's governing documents.

Please contact __________________ (Insert Name) at ________________ (Insert Telephone No.) if you have any questions. We look forward to hearing from you soon.

Very truly yours,

____

Name:

Title:

1 These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

2 A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

3 "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

4 A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial U.S. and non-U.S. financial transactions on behalf of the senior foreign political figure.

The content of this article does not constitute legal advice and should not be relied on in that way. Specific advice should be sought about your specific circumstances.

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URL: www.srz.com

Descriptors: Company News; Crimes; General News; Government News; Law & Legal Issues; Regulation of Business; Terrorism
Country Names/Codes: United States of America (US)
Regions: Americas; North America
SIC Codes/Descriptions: 6000 (Depository Institutions); 9311 (Finance Taxation & Monetary Policy); 9651 (Regulation of Miscellaneous Commercial Sectors); 6722 (Management Investment Open-End)
Naics Codes/Descriptions: 52 (Finance & Insurance); 52591 (Open-End Investment Funds); 92113 (Public Finance Activities); 92615 (Regulation Licensing & Inspection of Miscellaneous Commercial Sectors)

69/9/20 (Item 20 from file: 621)
03255969 **Supplier Number:** 91059746
PPR -- $.0385 August Dividend.

Business Wire , p 0413
Sept 4 , 2002
Language: English **Record Type:** Fulltext
Document Type: Newswire ; Trade
Word Count: 466
Text:
Business Editors

PHOENIX--(BUSINESS WIRE)--Sept. 4, 2002

ING Prime Rate Trust (NYSE: PPR), a diversified closed-end management investment company listed on the New York Stock Exchange, declared 3.85 cents per **share** monthly dividend on August 30, 2002 for the 31 days of August, payable on September 23, 2002 to shareholders of record on September 10, 2002. This represents the 172nd consecutive monthly dividend since the Trust's inception in May 1988.

The following are annualized distribution rate calculations based on the declared dividend for the month, Net Asset Value ("NAV") at month-end and the month-end NYSE composite closing price ("Market").

Annualized Period-end Distribution Rates	DIVIDEND	NAV	MARKET
August 30, 2002	$ .0385	6.65%	7.66%
July 31, 2002	$ .0375	6.38%	7.56%
June 28, 2002	$ .035	6.00%	6.76%
May 31, 2002	$ .0365	5.93%	6.42%
April 30, 2002	$ .0365	6.08%	6.57%
March 28, 2002	$ .0385	6.24%	6.57%
February 28, 2002	$ .0385	6.97%	7.41%
January 31, 2002	$ .041	6.61%	7.08%
December 21, 2001	$ .042	6.82%	7.45%
November 30, 2001	$ .043	7.16%	7.94%
October 31, 2001	$ .047	7.65%	8.49%
September 30, 2001	$ .047	7.61%	8.25%

ING Prime Rate Trust was the first fund to invest in a portfolio of floating rate bank loans. The Trust seeks to provide as high a level of current income as is consistent with the preservation of capital.

The Trust is managed by ING Investments, LLC, and distributed by ING Funds distributor, Inc. The Trust and distributor are indirect, wholly-owned subsidiaries of Amsterdam-based ING Group N.V. (NYSE: ING), one of the world's leading financial services companies with operations in over 65 countries. The Trust's operations are based in Scottsdale, Arizona.

Distribution Rates are calculated by annualizing dividends declared during the period (i.e., divide the monthly dividend amount by the number of days in the related month and multiply by the number of days in the fiscal year) and then dividing the resulting annualized dividend by the month-ending NAV (in the case of NAV) or the month-end closing price on the NYSE composite (in the case of Market). The distribution rate is based solely on actual dividends and distributions, which are made at the **discretion** of management. The distribution rate may or may not include all **investment** income, and ordinarily will not include capital **gains**.

Past performance is no assurance of future results. Investment return and principal value of an investment in the Trust will fluctuate.

Shares, when sold, may be worth more or less than their original cost. The loans in which the Trust invests are subject to credit risks and the potential for non-payment of scheduled principal or interest payments which may result in a reduction of the Trust's NAV.

For more complete information about the Trust, contact ING Prime Rate Trust at the address above to request a prospectus which contains more complete information on all charges, fees and expenses. Please read the prospectus carefully before investing or sending money.

If you would like to receive this press release via email, please contact Stacey Parker at Stacey.parker@ingfunds.com

Publisher Name: Business Wire
Industry Names: BUS (Business, General); BUSN (Any type of business)

69/9/21 (Item 21 from file: 20)
24771018
Tax is not the only reason

The most common reason for establishing a trust is tax planning. But, as Michael Greenwood, trusts and estate planning manager at Clerical Medical, suggests there are some good non tax reasons why a trust should be considered

MONEY MANAGEMENT
September 01, 2002
Journal Code: FMOM **Language:** English **Record Type:** FULLTEXT
Word Count: 1496

Whether wealth is inherited or built up through enterprise and hard work, preserving it within the family will often be a significant worry. It is all too easy for assets to be lost through divorce, when businesses fail or though funding long term care costs.

Divorce

When parents make provision for their family, they will often be concerned to ensure that their childrens spouses will not claim a **share** of the assets in trust in the event of a divorce.

The problem is that the family courts in England and Wales have a wide discretion under S25 of the Matrimonial Causes Act 1973 in relation to the financial resources which either party to the marriage has or is likely to have in the foreseeable future. These resources can include assets settled into trust. In fact, there is a specific obligation to disclose trust interests and income received from a trust.

In making financial provision orders the court may therefore assume that trust assets are available even if, in reality, the party concerned has no absolute right to payments from the trust. A reasonable expectation of benefit may be considered sufficient and the court effectively gives judicious encouragement to trustees to make payments from the trust to the party concerned.

A well known example of trust assets being taken into account is the

case of Browne v Browne, where the former Conservative MP for Winchester applied to have his wife committed to prison for contempt of a court order to make a lump sum payment to him. She was a beneficiary of trusts where, on all previous occasions, the trustees had met her requests for payments. The court took the view that she had immediate access to the funds. There was nothing to show that the trustees would not make payments to her on request and the purpose of the legislation was to enable the court to look at the reality of a particular situation.

Some good news on trust assets emerged in the recent high profile, big money divorce case of White v White. This case hit the headlines because of the House of Lords rejection of the idea that the wifes claim against the husband should be limited to her reasonable requirements. Instead the central principle is fairness and, as a general guide, equality should only be departed from if there is a good reason for doing so. But Lord Nicholls also confirmed that assets existing before the marriage, or inherited assets, should not be available as part of the divorce settlement unless required to meet the other spouses needs. This means that for wealthy clients it is possible to ring fence assets within a trust so that it is clear that the assets were inherited or already existed before the marriage took place.

The court also has authority to vary nuptial settlements and make orders against the trustees themselves. When advising on trusts, it may be worth considering if it would be preferable to avoid the settlement being nuptial. This term has been given a wide meaning by the courts but if funds are settled for children and grandchildren long before marriage, or if the spouses of beneficiaries are not included, the trust assets may be more secure. Otherwise a trust set up after marriage by either party or a trust established by another person for the benefit of either party is not safe.

Even if the trust is proof against a variation order it may still be necessary for the trustees to consider a distribution from the trust to a party who would otherwise be left in financial difficulties because of the divorce settlement. Trustees will be acting properly even if they know that the payment will be passed on to someone, the former spouse, who is not a trust beneficiary.

Bankruptcy

A trust established by parents for children or grandchildren will generally be effective in preserving assets within the family if any of the beneficiaries are declared bankrupt. It would be important to ensure that adult beneficiaries are not absolutely entitled to capital or income. This can be easily achieved using a discretionary or flexible power of appointment trust and ensuring that the trustees invest in a non income producing asset such as a life assurance investment bond.

A trust may be set aside if the settlor of the trust, the person creating it, is or becomes insolvent. A settlor is required "to be just before he is generous".

Where the settlor is honest, the crucial issue is timing. Under the Insolvency Act 1986, the trustee in bankruptcy can obtain an order setting aside a settlement, thereby making the trust fund available to creditors. This can happen if the settlement was made within two years of the bankruptcy petition, or after two years but within five years of the bankruptcy petition and either the settlor was insolvent at the time the trust was established, or where the settlor became insolvent as result of the gift of assets to trust.

The court also has discretion under S423 of the Insolvency Act to set aside any trust established with the aim of prejudicing creditors. This discretion is enormously wide. There is no requirement that the settlor should be at any time insolvent and there is no time limit on when the settlement is made.

In CIR v Hashmi, a case that went to the Court of Appeal earlier this year, the settlor declared that he held a property on trust for his teenage son. It was clear that one of the settlors intentions was to

secure his sons future. But this took place at a time when the settlor was also grossly under declaring business **profits**. When the tax deception was uncovered, the settlor had insufficient funds to pay the tax, interest and penalties due. The Court had little difficulty in finding that the trust could be set aside as having been made with the intention of putting assets beyond the reach of the Inland Revenue. It was not necessary to show that defeating creditors was the dominant reason for the trust.

Care costs

There is a considerable demand from older clients, sometimes prompted by their children, to find ways of protecting assets in the event that long term care is needed.

Trusts can be useful in these circumstances but interests held in trust must be taken into account in assessing capital. However, unless the beneficiary has an absolute entitlement to capital or income, it is only payments actually made that are taken into account. A trust where the trustees have **discretion** over capital and income, or a flexible power of appointment trust where the **investment** is in non income producing assets such as a life assurance investment bond, can be effective in preserving assets. A trust of compensation payments for personal injury will also be fully disregarded.

But the real issue is whether the funds settled derive from the person making the claim for funding. If so, the establishment of the trust, and the transfer of assets into the trust, may amount to a deliberate deprivation of assets within regulation 25 of the National Assistance (Assessment of Resources) Regulations 1992. The claimant can be treated as still possessing the capital value given away.

What constitutes a deliberate deprivation is not defined in the regulations but the authorities will be on firm ground if it is a reasonable inference that the purpose of the transaction was to avoid liability for care costs. If assets are given away there is no time limit preventing the application of the deliberate deprivation rule.

However, the test is subjective. The applicant must be aware of the possibility that they might need care and be required to pay for it. The timing of, and the motivation for, the gift into trust are therefore crucial. If the trust is established well in advance of care being a likely consideration, and the advisers report establishes that the motivation for the gift to trust was, for example, inheritance tax planning, then the deliberate deprivation rule should not be at issue.

Even if the deprivation issue is raised, there may be valuation difficulties where the claimant is merely one member of a discretionary class who can benefit only at the discretion of the trustees. The value of such an interest cannot be quantified making it impossible to determine the extent to which the claimant has deprived themselves of capital.

If establishing the trust is left until just before the funding application is made it is likely that it will be attacked. It could even be set aside under the Insolvency Act. Advisers should also be careful that their files do not provide evidence to show that the real motivation for the trust was to enable a claim for care funding.

For younger clients, the real answer is good investment, pensions and estate planning so that they are self reliant in funding care costs. This will give them choice and dignity in old age.

Company Names: Clerical Medical & General Life Assurance
Descriptors: Company News; Government News; Taxation

69/9/22 (Item 22 from file: 20)
24635984
Man launches its first 120 percent capital guaranteed product

MENA BUSINESS REPORTS
August 28, 2002
Journal Code: WMEN **Language:** English **Record Type:** FULLTEXT
Word Count: 563

Man Investment Products, an international alternative investment manager, is to launch its latest capital guaranteed structured product on Monday, August 26. Man IP 220 Series 4 Ltd is the first product offered by Man to guarantee investors the return of at least 120 percent of their initial investment at maturity.

This enhanced level of principal protection will take the form of Capital Guarantees provided by Lloyds TSB Bank plc. Series 4, which will be available in both US$-Class and Euro-Class Bonds, targets medium-term annualized growth of around 17-18 percent for each Class of Bond while aiming to restrict volatility to around 14-15 percent.

The Man IP 220 concept has proved to be one of Man's most successful product structures, according to a company press release. The original Man IP 220 product has achieved an annualized net return of 18.8 percent since inception in December 1996.

Like its predecessors, Series 4 provides investors with access to two of Man's most successful investment approaches, the Man-AHL Diversified Program and the Man-Glenwood Portfolio. What distinguishes Series 4 from the previous Man-IP 220 products is a unique principal protection arrangement.

Series 4 will be the first product launched by Man to offer investors the return of at least 120 percent of their initial investment upon maturity-November 13, 2013, in respect of the US$-Class Bonds and November 30, 2014, in respect of the Euro-Class Bonds - subject to the terms and conditions of the Guarantees.

Series 4 is also the first product in the original Man IP 220 family to include provisions for a **profit** lock-in feature. This allows for the locking-in' of a portion of net new trading **profits** following periods of sustained profitability for Series 4, potentially elevating the guarantee levels at maturity. The operation of this feature is subject to the **discretion** of the **investment** manager and the prior approval of Lloyds TSB Bank plc3.

The Guarantor, Lloyds TSB Bank plc, is the only major shareholder owned bank in the world with a triple A' rating. It is part of Lloyds TSB Group plc, a UK based financial services group which offers banking and financial services in the UK and overseas. With over 81,000 employees worldwide, the Groups network covering the Americas, New Zealand and Europe with over 2,300 branches across the UK offering a full range of banking and financial services to over 16 million customers.

"The innovation of a capital guarantee arrangement that provides for the return 120 percent of initial capital makes this an extremely attractive investment opportunity which provides both significant upside and a guaranteed minimum return for investors who hold the product through to maturity," said Antoine Massad, Associate Director and Head of Middle East and Asia for Man.

Man IP 220 Series 4 Ltd will be available to investors from August 26 to October 4, 2002 with a possible extension to the offer period. Man

Investment Products is part of Man Group plc, an international financial services business that is listed on the London Stock Exchange and is a constituent of the FTSE 100 index of leading **shares**.

Man Investment Products is part of Man Group plc and currently manages around $21 billion for institutions and private investors worldwide. It is a global business with offices in Bahrain, Chicago, Dubai, Hong Kong, London, Montevideo, Tokyo and Switzerland and has launched more than 200 alternative investment products worldwide. - (menareport.com)

Company Names: Lloyds TSB Group PLC
Descriptors: Company News; Marketing; New Products & Services; Regulation of Business
SIC Codes/Descriptions: 6020 (Commercial Banks); 6722 (Management Investment Open-End); 6000 (Depository Institutions)
Naics Codes/Descriptions: 52211 (Commercial Banking); 52 (Finance & Insurance); 52591 (Open-End Investment Funds)

69/9/23 (Item 23 from file: 20)
24373973
Building a top reputation pays off

Yvonne Fontyn
BUSINESS DAY (SOUTH AFRICA) , p 007
August 12, 2002
Journal Code: FBUD **Language:** English **Record Type:** FULLTEXT
Word Count: 761

Building a top reputation pays off Specialist Writer COMPANIES with a good reputation of which corporate social investment is a crucial factor consistently outperform the market average return on investment, says Perry & Associates development director Martin Slack.

The former MD of market research company Markinor cites research conducted by Walker Information for the US Council on Foundations. The report compares Fortune magazine's 10 most admired companies including General Electric, Microsoft, Coca-Cola, Intel and Hewlett-Packard with Standard & Poor's 500. The magazine runs an annual survey gauging sentiment in the business community towards organisations. The study found that $10000 invested for 10 years in one of the most admired companies realised $150000, while the same amount invested in the S& P 500 realised only $51964.

Reputation is built by maintaining good relationships with all stakeholders, says Slack.

At a conference held by New York University's business school, Stern, in 1997, it was concluded that a good reputation enabled a firm to become employer, supplier and investment of first choice.

AT& T was the first US company to link corporate social investment to business objectives. Companies listed on the New York Stock Exchange give between 1% and 1,5% of pretax income annually, according to the AAFRC Trust for Philanthropy. Slack classifies strategic philanthropy into four categories: Proactive designed to increase visibility or enhance

corporate image; Reactive a response to a negative event; General designed to increase consumer evaluations of corporate associations, brand evaluations and patronage intentions; and Directed philanthropy aimed at a specifically targeted group, like building a school built for employees' children.

The Council on Foundations report found that favourable feelings towards a company led to particular attitudes and behaviour. The study tested a sample of employees and customers from three US companies on a corporate philanthropy index comparing subject companies to others in terms of perceptions about whether they do their fair **share** to help the community, whether they contribute time, volunteers, money and sponsorships, and whether they really seem to care about giving to help the community.

The research found that individuals who rated the company high on these components also rated it highly (above 90%) on reputation, public image, corporate citizenship and sense of goodwill towards it.

High scorers on the index said they were likely to continue with the company (customers: 94,9%; employees: 73,4%); were likely to recommend company offerings (customers: 87,4%; staff: 89,2%) and would choose the company again if picking for the first time (customers: 80,1%; staff: 85,2%). Only 11,3% of the high-scoring customers and 19% of staff said they were likely to switch for a better financial deal.

Slack cites empirical studies which show that corporate citizenship improves employee relations (recruitment, retention, morale, productivity); customer relationships (loyalty, enhances brand image); business performance (increases bottom line return, competitive advantage) and enhances a company's marketing efforts (builds a positive company image, supports higher prestige prices).

A Walker Information study done in 1994 showed that 57% of consumers were much less likely to buy if the company was not a good or socially responsible corporate citizen.

Investing in social programmes is part of Gensec Bank's campaign to become a truly SA company, says corporate affairs GM Eric Ratshikhopha. Companies' role in community development cannot be ignored because we do business in a sociopolitical environment. Government clearly has a transformation agenda and we contend with many social ills, such as poverty, disease, economic discrepancies and crime. Ratshikhopha says corporate social investment should be integrated into a company's business objectives because it makes business sense, addresses skills shortages and satisfies the demands and expectations of customers. Rather than being seen as a do-gooder effort and kept on the periphery, social investment should be established as a response to the sociopolitical environment, and for the wellbeing of SA and business. Companies should invest in three ways: Create a budget. Gensec, for example, allocates 1% of after-tax **profit** to development projects in the community.

Work through ad hoc projects. Staff at Gensec suggested collecting clothes for winter and donating them to a charity. Ratshikhopha recommends identifying staff who will champion philanthropic projects.

Make deductions from pay to a charity of the employee's choice. The amount should be at the employee's **discretion**.

Ratshikhopha says employees handling social **investment** should form strategic alliances to broaden the areas covered. Advocacy within the company and outside is necessary unless you want to be a lone voice in the wilderness. Strategic objectives should be defined, monitored and measured, and the balance between internal and external company needs maintained.

Descriptors: Company News

69/9/24 (Item 24 from file: 621)
03238542 **Supplier Number:** 90202350
Phoenix Reports Second Quarter 2002 Results.

Business Wire , p 2037
August 8 , 2002
Language: English **Record Type:** Fulltext
Document Type: Newswire ; Trade
Word Count: 2565
Text:
Business Editors

HARTFORD, Conn.--(BUSINESS WIRE)--Aug. 8, 2002

Editor's Note: The company considers operating income and cash operating income, excluding venture capital, in evaluating its financial performance, in addition to net income presented in accordance with Generally Accepted Accounting Principles (GAAP). (See attached table reconciling these measures.) Operating income represents net income adjusted for realized investment **gains** and losses and nonrecurring items. Nonrecurring items include expenses related to Phoenix's demutualization and its acquisition of the PXP minority interest, an early retirement program, an adjustment to the amortization of deferred acquisition costs, management restructuring reserves, and the cumulative effect of accounting changes. For cash operating income, the company adds back amortization of intangible assets to operating income to measure the ability of the business to generate cash earnings. The company excludes the Venture Capital segment, a separate reporting segment, to measure the performance of its core operating businesses in order to provide greater transparency when evaluating operating performance.

The Phoenix Companies, Inc. (NYSE: PNX) today reported second quarter 2002 cash operating income, excluding venture capital, of $23.6 million, or $0.24 per **share**, compared with $29.9 million, or $0.28 per **share**, in the second quarter of 2001. The company also reported an operating loss of $4.1 million, or a $0.04 loss per **share**, for the quarter, compared with operating income of $19.2 million, or $0.18 per **share**, in the second quarter of 2001. The company reported a GAAP net loss of $37.2 million, or a $0.37 loss per **share**, in the second quarter of 2002, compared with a $16.5 million net loss, or a $0.16 loss per **share**, in the second quarter of 2001. The second quarter 2002 GAAP result includes after-tax operating losses of $19.4 million from: venture capital; net realized investment losses of $10.7 million, primarily attributable to impairments of debt securities, notably WorldCom; and a reserve of $21.8 million, after income taxes, primarily in connection with organizational and employment-related costs. This reserve includes the reserve announced on July 1, 2002.

Chairman and Chief Executive Officer Robert W. Fiondella said, "We performed to plan in a number of key areas, but the exceptionally difficult equity and credit environment impacted our overall second quarter results. However, our sharp focus on driving the business resulted in continued progress and action in those areas we could control, including increasing the scope of expense reduction initiatives and managing our corporate investment portfolio in an appropriately conservative manner.

"At the same time, we are pleased that the fundamentals underlying our businesses remained solid, as reflected in continued retail sales momentum, as well as mortality and persistency," Mr. Fiondella added, "and we remain committed to our objective of achieving an 8 to 10 percent cash return on equity, excluding venture capital, by the end of 2003."

Mr. Fiondella also confirmed that he and Coleman D. Ross, executive vice president and chief financial officer, would be signing, by the upcoming deadline, the SEC certifications of Phoenix's 2001 Form 10-K and its subsequent Forms 10-Q.

First half 2002 cash operating income, excluding venture capital, was $49.3 million, or $0.49 per **share**, compared with $40.5 million, or $0.38 per **share**, in the first half of 2001. The company also reported operating income of $8.7 million, or $0.09 per **share**, for the first half, compared with an operating loss of $69.4 million, or a $0.66 loss per **share**, in the prior year's first half. The company reported a GAAP net loss of $138.6 million, or a $1.38 loss per **share**, in the first half of 2002, primarily due to the first quarter adoption of an accounting change for goodwill and continued weak performance of venture capital, compared with a $174.0 million net loss, or a $1.66 loss per **share**, in the first half of 2001.

Mr. Fiondella also cited the following developments:

-- Accelerated sales from a growing number of distribution sources in life insurance, annuities and managed accounts.

-- Maintained strong fundamentals in life insurance - mortality and persist ency - as evidenced by continued growth in the policyholder dividend obliga tion and other key ratios.

-- Announced consolidations in the Phoenix/Zweig Advisers organization that will result in annualized expense reductions of $3 million, in addition to the previously announced reductions of approximately $26 million the compa ny is on track to achieve by year-end 2002. These expense reductions will, in part, counter the impact of negative markets on pension expenses and mar gins.

-- Grew invested assets and cash in the corporate investment portfolio to $ 15.3 billion on June 30, 2002, from $13.5 billion on June 30, 2001. The str ength of the company's well diversified, high-quality bond portfolio contri buted to the growth. At the end of the second quarter, below investment gra de bonds comprised 7 percent of the total bond portfolio, the lowest level since 1998.

-- Increased scale with the acquisition of the variable life and variable a nnuity business of a CNA Financial Corporation subsidiary through a coinsur ance arrangement, announced at the end of June and effective July 1, 2002.

-- Continued active capital management. As of June 30, 2002, 8.4 million **shares** had been purchased through the company's 11 million-**share** stock repurchase program, with an additional 1.8 million **shares** purchased through August 2, 2002. On August 5, Phoenix's Board of Director s authorized a program to repurchase an additional 2 million **shares**.

-- Management and organizational changes in July and August, including, eff ective September 1, the retirement of Philip R. McLoughlin, chairman and ch ief executive officer of Phoenix Investment Partners, Ltd. During a transit ion period, Mr. McLoughlin will continue to report to Dona D. Young, presid ent and chief operating officer.

Segment Results

Phoenix has two operating segments, "Life and Annuity" and "Investment Management", and two reporting segments, "Venture Capital" and "Corporate and Other". The Corporate and Other segment includes unallocated capital and expenses, as well as certain businesses not of sufficient scale to report independently. The company looks at its segment results on the basis of operating income (loss) before amortization and income taxes to focus on the earnings ability of each segment.

	Second Quarter 2002	Second Quarter 2001
	(in millions)	
Life and Annuity	$ 27.9	$ 38.5
Investment Management	8.6	13.9
Venture Capital	(29.9)	5.5
Corporate and Other	(11.3)	(19.4)

Life and Annuity - Operating income before amortization and income taxes in the second quarter of 2002 was $27.9 million, compared with $38.5 million in the second quarter of 2001. The decrease is due primarily to a one-time recognition of $15.8 million in the prior year's quarter related to establishment of the closed block, pursuant to accounting rules for newly demutualized companies. Excluding this gain, earnings rose 23 percent over the prior year's quarter. Universal life and other life insurance earnings increased, while annuity earnings declined due to the weak market environment.

Total life insurance sales (annualized premium and single premium) were $55.8 million in the second quarter of 2002, a 21 percent increase compared with $46.2 million in the prior year's quarter. Annualized premium was $37.7 million in the second quarter of 2002, compared with $32.8 million in the prior year's quarter. The growth was driven in large part by sales of variable universal life and universal life products. Survivorship life insurance sales were more than double last year's level and continued to represent approximately one-third of all life insurance sales.

Annuity deposits in the second quarter of 2002 were $661.0 million, compared with $377.4 million in the prior year's quarter, reflecting continued strong sales in key broker-dealer relationships and growing sales of fixed annuities.

Both life and annuity sales from State Farm continued to grow, with more than half of the 10,000 eligible State Farm agents now certified to sell Phoenix products.

Investment Management - Operating income before amortization and income taxes was $8.6 million for the second quarter of 2002, compared with $13.9 million in the second quarter of 2001. The current quarter includes results from the acquisition of 60 percent of Kayne Anderson Rudnick Investment Management on January 29, 2002. Excluding the positive impact of the Kayne Anderson Rudnick acquisition, there was an overall decline in operating margins due primarily to lower revenues in other parts of Investment Management, partially offset by lower expenses.

Assets under management for the segment on June 30, 2002, were $56.6 billion, compared with $54.8 billion on June 30, 2001. The year-over-year increase in assets is attributable to the inclusion of Kayne Anderson Rudnick in 2002, partially offset by negative market performance.

Net flows were negative $552.1 million in the second quarter of 2002, compared with positive net flows of $1.1 billion in the prior year's quarter. Inflows totaled $3.1 billion in the second quarter of 2002, about even with inflows in the prior year's quarter. Strong sales of managed

account products, particularly Kayne Anderson Rudnick's, represented more than half of the current quarter's inflows, and net flows for managed accounts were positive. Outflows were $3.6 billion in the second quarter of 2002, compared with $2.0 billion in the prior year's quarter. The increase in outflows relates primarily to the loss of several institutional accounts.

Venture Capital - In the second quarter of 2002, venture capital had a $29.9 million operating loss before amortization and income taxes, compared with operating income of $5.5 million in the second quarter of 2001. The decline reflects the impact of the weak equity markets in the second quarter on the company's estimates of its holdings. Total distributions in the second quarter of 2002 were $6.1 million, compared with $20.1 million in the second quarter of 2001. Capital contributions were $7.5 million in the second quarter of 2002, compared with $11.2 million in the second quarter of 2001. On June 30, 2002, venture capital assets were $261.8 million, representing 2 percent of the $15.3 billion of invested assets and cash in the general account portfolio.

Corporate and Other - In the second quarter of 2002, the Corporate and Other segment had an $11.3 million operating loss before amortization and income taxes, compared with a $19.4 million operating loss in the second quarter of 2001. The improvement was due to higher corporate investment income resulting from the investment of the **proceeds** from the company's June 2001 IPO and a lower level of corporate expenses.

Other Developments

Effective on June 25, 2002, the first anniversary of the company's demutualization, the company issued stock options representing 4.4 million **shares** to its officers and directors at an exercise price of $16.20. Phoenix has chosen to account for the issuance of these stock options as capital transactions and will provide pro forma disclosures in its Form 10-Q of earnings and earnings per **share** as if it had elected to treat the options as compensation expense. The company will continue to monitor developments in stock option accounting and may change the accounting for future option grants as clear guidance is developed.

Conference Call

The Phoenix Companies, Inc. will host a conference call today at 11:00 a.m. Eastern time to discuss with the investment community Phoenix's second quarter financial results. The conference call will be broadcast live over the Internet at www.phoenixwm.com in the Investor Relations section. To listen to the live call, please go to the Web site at least fifteen minutes prior to register, download and install any necessary audio software. The call can also be accessed by telephone at 973-321-1020. A replay of the call will be available by telephone at 973-341-3080 (passcode 3360516) and on Phoenix's Web site, www.phoenixwm. com in the Investor Relations section through August 15, 2002.

The Phoenix Companies, Inc. (NYSE: PNX) is a leading provider of wealth management products and services to individuals and institutions. Through a variety of advisors and financial services firms, Phoenix helps the affluent and high net worth accumulate, preserve and transfer their wealth with an innovative portfolio of life insurance, annuity and investment management products and services. With a history dating to 1851, The Phoenix Companies, Inc. has two principal operating subsidiaries, Phoenix Life Insurance Company and Phoenix Investment Partners, Ltd. The company offers trust services through Phoenix National Trust Company and private placement insurance products through Philadelphia Financial Group, both subsidiaries. Phoenix has corporate offices in Hartford, Conn. For more information on Phoenix, visit www.phoenixwm.com.

Forward-Looking Statement

This release contains statements which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements relating to trends in, or representing management's beliefs about, the company's future strategies, operations and financial results, as well as other statements including

words such as "anticipate", "believe," "plan," "estimate," "expect," "intend," "may," "should" and other similar expressions. Forward-looking statements are made based upon management's current expectations and beliefs concerning trends and future developments and their potential effects on the company. They are not guarantees of future performance. Actual results may differ materially from those suggested by forward-looking statements, as a result of risks and uncertainties which include, among others: (i) changes in general economic conditions, including changes in interest rates and currency exchange rates; (ii) heightened competition, including with respect to pricing, entry of new competitors and the development of new products and services by new and existing competitors; (iii) the company's primary reliance, as a holding company, on dividends from its subsidiaries to meet debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (iv) regulatory, accounting or tax changes that may affect the cost of, or demand for, the products or services of the company's subsidiaries; (v) downgrades in the claims paying ability or financial strength ratings of the company's subsidiaries; (vi) discrepancies between actual claims experience and assumptions used in setting prices for the products of the company's insurance subsidiaries and establishing the liabilities of such subsidiaries for future policy benefits and claims relating to such products; (vii) movements in the equity markets that affect our investment results including those from venture capital, the fees we earn from assets under management and the demand for our variable products; (viii) the company's success in achieving its planned expense reductions; and (ix) other risks and uncertainties described from time to time in the company's filings with the Securities and Exchange Commission. The company specifically disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Financial Highlights (Unaudited)

Income Statement Summary ($ in millions)

	Second Quarter 2002	Second Quarter 2001	Year-to-Date June 30, 2002	Year-to-Date June 30, 2001
Revenues	$ 592.4	$ 627.7	$ 1,186.3	$ 1,191.8
Operating Income (Loss) (1)	(4.1)	19.2	8.7	(69.4)
Add: Amortization of Goodwill and Intangibles	8.3	14.3	17.9	27.5
Cash Operating Income (Loss)	4.2	33.5	26.6	(41.9)
Cash Operating Income, excluding Venture Capital	23.6	29.9	49.3	40.5
GAAP Reported: Net Loss	(37.2)	(16.5)	(138.6)	(174.0)

Earnings Per **Share** (2)

	Second Quarter 2002	Second Quarter 2001	Year-to-Date June 30, 2002	Year-to-Date June 30, 2001
Operating EPS	$ (0.04)	$ 0.18	$ 0.09	$ (0.66)
Cash Operating EPS	$ 0.04	$ 0.32	$ 0.27	$ (0.40)
Cash Operating EPS, excluding				

Venture Capital	$ 0.24	$ 0.28	$ 0.49	$ 0.38
Net Loss Per **Share**	$ (0.37)	$ (0.16)	$ (1.38)	$ (1.66)

Balance Sheet Summary ($ in billions)	Second Quarter 2002	Second Quarter 2001
Invested Assets	$ 15.3	$ 13.5
Separate Account and Investment Trust Assets	5.4	5.3
Total Assets	23.3	21.3
Total Equity	2.2	2.4
Book Value Per **Share** (3)	$ 22.57	$ 22.77
Assets Under Management	66.0	63.1

(1) Operating income represents net income adjusted for realized **gains** and some non-recurring items because they are not indicative of the ongoing operations of the business segments. The size and timing of realized **investment gains** are often subject to management's **discretion**. Certain non-recurring items are removed from net income if, in management's opinion, they are not indicative of overall operating trends. While some of these items may be significant components of our net income, we believe operating income is an appropriate measure that represents the net income attributable to the ongoing operations of the business. However, operating income is not a substitute for net income determined in accordance with generally accepted accounting principles, and may be different from similarly titled measures of other companies.

(2) Weighted average **shares** outstanding for second quarter 2002 is 99.5 million **shares**. Weighted average **shares** outstanding for second quarter 2001 is 104.6 million pro forma **shares**. Weighted average **shares** outstanding for year-to-date 2002 and 2001 are 100.3 million **shares** and 104.6 million pro forma **shares**, respectively.

(3) Book value per **share** is based on 98.0 million as of June 30, 2002. Book value per **share** is pro forma based on 105.0 million **shares** outstanding as of June 30, 2001.

Consolidated Balance Sheet
As of June 30, 2002 and December 31, 2001
(in millions, except per **share** data)

	2002	2001
ASSETS:		
Available-for-sale debt securities, at fair value	$10,679.8	$ 9,607.7

Equity securities, at fair value	316.9	290.9
Mortgage loans, at unpaid principal balances	497.3	535.8
Real estate, at lower of cost or fair value	75.2	83.1
Venture capital partnerships, at equity in net assets	261.8	291.7
Affiliate equity and debt securities	349.8	330.6
Policy loans, at unpaid principal balances	2,182.5	2,172.2
Other investments	284.1	282.4
Total investments	14,647.4	13,594.4
Cash and cash equivalents	662.7	815.5
Accrued investment income	213.0	203.1
Premiums, accounts and notes receivable	163.3	147.8
Reinsurance recoverable balances	29.1	21.3
Deferred policy acquisition costs	1,212.1	1,123.7
Premises and equipment	115.5	117.7
Deferred income taxes	--	1.8
Goodwill and other intangible assets	847.6	858.6
Net assets of discontinued operations	20.8	20.8
Other general account assets	64.5	50.7
Separate account and investment trust assets	5,365.2	5,570.0
Total assets	$23,341.2	$22,525.4
LIABILITIES:		
Policy liabilities and accruals	$14,181.4	$13,005.0
Policyholder deposit funds	357.5	356.6
Deferred income taxes	22.0	--
Indebtedness	604.3	599.3
Other general account liabilities	602.1	595.1
Separate account and investment trust liabilities	5,354.5	5,564.9
Total liabilities	21,121.8	20,120.9
MINORITY INTEREST:		
Minority interest in net assets of subsidiaries	7.8	8.8
STOCKHOLDERS' EQUITY:		
Common stock, $0.01 par value, 1.0 billion **shares** authorized; 106.4 million **shares** issued	1.0	1.0
Treasury stock, at cost: 8.4 million and 4.5 million **shares**	(135.9)	(66.0)
Additional paid-in capital	2,410.4	2,410.4
Accumulated deficit	(185.2)	(30.8)
Accumulated other comprehensive income	121.3	81.1
Total stockholders' equity	2,211.6	2,395.7
Total liabilities, minority interest and stockholders' equity	$23,341.2	22,525.4

Certain reclassifications have been made to the 2001 financial statements to conform with the June 30, 2002 presentation.

Consolidated Statement of Income (in millions)

			Year-to-	Year-to-
	Second	Second	Date	Date

	Quarter 2002	Quarter 2001	June 30, 2002	June 30, 2001
REVENUES:				
Premiums	$259.4	$267.2	$ 516.8	$ 533.2
Insurance and investment product fees	145.9	139.7	286.2	285.2
Net investment income	215.7	225.7	446.9	393.9
Net realized investment losses	(28.6)	(4.9)	(63.6)	(20.5)
Total revenues	592.4	627.7	1,186.3	1,191.8
BENEFITS AND EXPENSES:				
Policy benefits	338.9	332.2	672.8	666.3
Policyholder dividends	107.5	89.7	181.7	196.0
Policy acquisition cost amortization	11.4	26.9	.5	62.0
Intangible asset amortization	7.8	11.3	15.9	24.5
Interest expense	7.7	7.7	15.4	14.8
Demutualization expenses	.6	8.8	1.5	19.5
Other operating expenses	179.1	140.2	315.1	377.6
Total benefits and expenses	653.0	616.8	1,202.9	1,360.7
Income (loss) before income taxes and minority interest	(60.6)	10.9	(16.6)	(168.9)
Applicable income tax (benefit) expense	(26.7)	5.2	(14.4)	(63.8)
Income (loss) before minority interest	(33.9)	5.7	(2.2)	(105.1)
Minority interest in net income of subsidiaries	3.3	1.7	6.1	3.5
Income (loss) before cumulative effect of accounting changes	(37.2)	4.0	(8.3)	(108.6)
Cumulative effect of accounting changes:				
Goodwill impairment	--	--	(130.3)	--
Securitized financial instruments	--	(20.5)	--	(20.5)
Venture capital partnerships and derivative financial instruments	--	--	--	(44.9)
Net loss	(37.2)	$(16.5)	$ (138.6)	$ (174.0)

Certain reclassifications have been made to the 2001 financial statements to conform with the second quarter 2002 presentation.

Reconciliation of Income Measures (in millions)

	Second Quarter 2002	Second Quarter 2001	Year-to-Date June 30, 2002	Year-to-Date June 30, 2001
GAAP Reported: Net Loss	$(37.2)	$(16.5)	$(138.6)	$(174.0)
Less: Net Realized Investment **Gains** (Losses), after tax	(10.7)(A)	(3.2)	(9.1)(A)	(13.4)
Less: Non-Recurring Items, after tax:				
Deferred Policy Acquisition Costs Adjustment	--	--	15.1	--
Expenses of Purchase of PXP Minority Interest	--	(2.9)	--	(46.7)

Early Retirement Pension Adjustment	--	.6	--	(11.3)
Management Restructuring Reserve	(21.8)	--	(21.8)	--
Demutualization Expense	(.6)	(12.1)	(1.2)	(19.0)
Other	--	2.4	--	2.4
Non-Recurring Items	(22.4)	(12.0)	(7.9)	(74.6)
Less: Cumulative Effect of Accounting Changes	--	(20.5)	(130.3)	(16.6)(B)
Operating Income (Loss)	(4.1)	19.2	8.7	(69.4)(C)
Less: Venture Capital, after tax	(19.4)	3.6	(22.7)	(82.4)
Add: Goodwill and Intangibles Amortization	8.3	14.3	17.9	27.5
Cash Operating Income, Excluding Venture Capital	$ 23.6	$ 29.9	$ 49.3	$ 40.5

(A) Net realized investment **gains** and losses are presented net of the related impact on the policyholder dividend obligation and deferred acquisition cost amortization for 2002.

(B) Excludes the cumulative effect of accounting change for venture capital partnerships. See (C) below.

(C) Includes the cumulative effect of accounting change for venture capital partnerships of $75 million (pre tax) as management considers this when evaluating the financial performance of the venture capital reporting segment.

Note: For additional information see our financial supplement.

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ING Prime Rate Trust (NYSE: PPR), a diversified closed-end management investment company listed on the New York Stock Exchange, declared 3.75 cents per **share** monthly dividend on July 31, 2002 for the 31 days of July, payable on August 22, 2002 to shareholders of record on August 12, 2002. This represents the 171st consecutive monthly dividend since the Trust's inception in May 1988.

The following are annualized distribution rate calculations based on the declared dividend for the month, Net Asset Value ("NAV") at month-end and the month-end NYSE composite closing price ("Market").

Annualized Period-end Distribution Rates	DIVIDEND	NAV	MARKET
July 31, 2002	$ .0375	6.38%	7.56%
June 28, 2002	$ .035	6.00%	6.76%
May 31, 2002	$ .0365	5.93%	6.42%
April 30, 2002	$ .0365	6.08%	6.57%
March 28, 2002	$ .0385	6.24%	6.57%
February 28, 2002	$ .0385	6.97%	7.41%
January 31, 2002	$ .041	6.61%	7.08%
December 21, 2001	$ .042	6.82%	7.45%
November 30, 2001	$ .043	7.16%	7.94%
October 31, 2001	$ .047	7.65%	8.49%
September 30, 2001	$ .047	7.61%	8.25%
August 31, 2001	$ .052	7.96%	8.11%

ING Prime Rate Trust was the first fund to invest in a portfolio of floating rate bank loans. The Trust seeks to provide as high a level of current income as is consistent with the preservation of capital.

The Trust is managed by ING Investments, LLC, and distributed by ING Funds distributor, Inc. The Trust and distributor are indirect, wholly-owned subsidiaries of Amsterdam-based ING Group N.V. (NYSE: ING), one of the world's leading financial services companies with operations in over 65 countries. The Trust's operations are based in Scottsdale, Arizona.

Distribution Rates are calculated by annualizing dividends declared during the period (i.e., divide the monthly dividend amount by the number of days in the related month and multiply by the number of days in the fiscal year) and then dividing the resulting annualized dividend by the month-ending NAV (in the case of NAV) or the month-end closing price on the NYSE composite (in the case of Market). The distribution rate is based solely on actual dividends and distributions, which are made at the **discretion** of management. The distribution rate may or may not include all **investment** income, and ordinarily will not include capital **gains**.

Past performance is no assurance of future results. Investment return and principal value of an investment in the Trust will fluctuate. **Shares**, when sold, may be worth more or less than their original cost. The loans in which the Trust invests are subject to credit risks and the potential for non-payment of scheduled principal or interest payments which may result in a reduction of the Trust's NAV.

For more complete information about the Trust, contact ING Prime Rate Trust at the address above to request a prospectus which contains more complete information on all charges, fees and expenses. Please read the prospectus carefully before investing or sending money.

If you would like to receive this press release via email, please contact Stacey Parker at Stacey.parker@ingfunds.com

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